

**VALOREM RESOURCES INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the period ended January 31, 2023 and 2022**

*(Unaudited - Expressed in Canadian dollars)*

## **NOTICE OF NO AUDITOR REVIEW**

Under National Instrument 51-102, Part 4 subsection 4.3 (3), if an auditor has not performed a review of the unaudited condensed interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Valorem Resources Inc. have been prepared by and are the responsibility of management.

These unaudited condensed interim financial statements for the nine months ended January 31, 2023 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

**Valorem Resources Inc.**  
**Condensed Interim Consolidated Financial Position**  
(Expressed in Canadian dollars)

<b>As at,</b>	Notes	January 31, 2023 (unaudited) \$	April 30, 2022 (audited) \$
<b>ASSETS</b>			
Cash		819,536	56,040
Tax receivable		266,257	722
Prepaid expenses	5	9,151	-
<b>TOTAL ASSETS</b>		<b>1,094,944</b>	<b>56,762</b>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		4,380,472	704,361
Related party liabilities	9	81,550	274,900
Loan payable	6	-	100,000
		4,462,022	1,079,261
Non-current			
Deferred consideration	7	2,543,800	-
<b>TOTAL LIABILITIES</b>		<b>7,005,822</b>	<b>1,079,261</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	8	18,044,568	8,637,878
Contributed surplus	8	2,293,049	2,061,787
Accumulated other comprehensive loss		(337)	-
Non-controlling interest	11	(1,782,361)	-
Deficit		(24,465,797)	(11,722,164)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>(5,910,878)</b>	<b>(1,022,499)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>1,094,944</b>	<b>56,762</b>

Nature of operations – Note 1  
Going concern assumption – Note 2  
Exploration and evaluation assets – Note 4  
Subsequent events – Note 15

Approved on behalf of the Board of Directors on March 31, 2023

“Tony Louie”                      Director                      “Drew Brass”                      Director

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# Valorem Resources Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine month period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended, January		Nine months ended, January	
		31, 2023	31, 2022	31, 2023	31, 2022
		\$	\$	\$	\$
<b>EXPENSES</b>					
Acquisition and exploration expenditures	4	12,031,017	256,726	12,046,017	1,106,665
Consulting fees	9	102,433	29,886	209,933	88,266
Insurance		2,729	2,777	8,284	8,333
Interest expense	6	2,740	-	21,699	-
Office and miscellaneous		45,781	1,204	49,132	2,951
Professional fees	9	111,037	13,521	188,191	182,885
Promotion		33,553	77,820	41,053	579,046
Registration and filing fees		(18,636)	-	18,563	767
Share-based compensation	8	-	-	-	1,396,582
Shareholder communications		-	-	-	8,480
Transfer agent fees		17,608	3,380	26,469	19,237
Travel and promotion		-	-	-	332
Website		-	-	1,086	124
<b>Net loss for the period</b>		<b>(12,328,262)</b>	<b>(385,314)</b>	<b>(12,610,427)</b>	<b>(3,393,668)</b>
<b>OTHER ITEMS</b>					
Loss on settlement of debt	6	-	-	(280,953)	-
Write off of accounts payable		-	-	130,000	-
Net loss		(12,328,262)	(385,314)	(12,761,380)	(3,393,668)
Other comprehensive loss		(337)	-	(337)	-
Net loss and comprehensive loss		(12,328,599)	(385,314)	(12,761,717)	(3,393,668)
<b>Total comprehensive loss attributed to:</b>					
Shareholders of the Company		(12,310,852)	(385,314)	(12,743,970)	(3,393,668)
Non-controlling interests	11	(17,747)	-	(17,747)	-
		(12,328,599)	(385,314)	(12,761,717)	(3,393,668)
Basic and diluted loss per share for the period		(0.44)	(0.13)	(0.67)	(1.25)
Weighted average number of common shares outstanding		28,329,622	2,771,329	19,187,544	2,721,929

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Valorem Resources Inc.

Condensed Interim Consolidated Statements of Cash Flows  
For the nine-month period ended January 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

	January 31, 2023 \$	January 31, 2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(12,761,380)	(3,393,668)
Items not affecting cash:		
Interest expense	21,699	-
Write off of accounts payable	(130,000)	-
Loss on settlement of debt	280,953	-
Share-based compensation	-	1,396,582
Acquisition of exploration and evaluation assets	12,031,017	694,625
<b>Net changes in non-cash working capital accounts</b>		
Increase in taxes receivable	(11,299)	(8,434)
Decrease (increase) in prepaid expenses	(9,151)	552,429
Increase (decrease) in accounts payable and accrued liabilities	(650,885)	365,807
Increase (decrease) in related party liabilities	(193,350)	95,402
<b>Net cash used in operating activities</b>	<b>(1,422,396)</b>	<b>(297,257)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	450,000	-
Loan repayments	(350,000)	-
Proceeds from issuance of common shares	2,745,300	220,505
Cash acquired from Regency Mining	759	-
Cash paid to acquire Regency Mining	(660,167)	-
<b>Net cash provided by financing activities</b>	<b>2,185,892</b>	<b>220,505</b>
Change in cash during the period	763,496	(76,752)
Cash, beginning of the year	56,040	82,310
<b>CASH, END OF THE PERIOD</b>	<b>819,536</b>	<b>5,558</b>

Supplemental disclosures with respect to cash flows – Note 10

# Valorem Resources Inc.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	Number of Common Shares	Share Capital \$	AOCL \$	Non- controlling interest \$	Contributed Surplus \$	Deficit \$	Total \$
<b>Balance, April 30, 2021</b>	<b>2,636,223</b>	<b>7,722,748</b>	-	-	<b>759,614</b>	<b>(8,327,194)</b>	<b>155,168</b>
Shares issued for exercised warrants	48,243	220,505	-	-	-	-	220,505
Shares issued for acquisition and exploration expenditures	116,071	694,625	-	-	-	-	694,625
Expiry of finder's warrants	-	-	-	-	(5,265)	5,265	-
Share-based compensation	-	-	-	-	1,396,582	-	1,396,582
Net loss for the period	-	-	-	-	-	(3,393,668)	(3,393,668)
<b>Balance, January 31, 2022</b>	<b>2,800,537</b>	<b>8,637,878</b>	-	-	<b>2,150,931</b>	<b>(11,715,597)</b>	<b>(926,788)</b>
<b>Balance, April 30, 2022</b>	<b>2,800,479</b>	<b>8,637,878</b>	-	-	<b>2,061,787</b>	<b>(11,722,164)</b>	<b>(1,022,499)</b>
Shares issued for cash, net of share issuance costs	17,189,375	2,745,300	-	-	-	-	2,745,300
Acquisition of Regency Mining Ltd. (Note 3)	16,000,000	5,680,000	-	-	-	-	5,680,000
Finder common shares (Note 3)	2,000,000	710,000	-	-	-	-	710,000
Loan settlement (Note 6)	764,478	271,390	-	-	231,262	-	502,652
Accumulated other comprehensive loss	-	-	(337)	-	-	-	(337)
Non-controlling interest acquired	-	-	-	(1,764,614)	-	-	(1,764,614)
Net loss for the period	-	-	-	(17,747)	-	(12,743,633)	(12,761,380)
<b>Balance, January 31, 2023</b>	<b>38,754,332</b>	<b>18,044,568</b>	<b>(337)</b>	<b>(1,782,361)</b>	<b>2,293,049</b>	<b>(24,465,797)</b>	<b>(5,910,878)</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 1. NATURE OF OPERATIONS

Valorem Resources Inc. (“VALU” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals, and base metal properties. VALU was incorporated on May 9, 2014, and on September 14, 2020, the Company changed its name from JDF Explorations Inc. to Valorem Resources Inc. The Company is a publicly listed company on the Canadian Stock Exchange (“CSE”), trading under the symbol “VALU” and on the Frankfurt Stock Exchange under the symbol “1XW1”.

The head office and principal address is 2380 – 1055 West Hasting Street, Vancouver, British Columbia, V6E 2E9. The registered and records office of the Company is located at 2380 – 1055 West Hasting Street, Vancouver, British Columbia, V6E 2E9.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

### 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

#### Statement of Compliance to International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements have been prepared following the same accounting policies applied to the Company's audited April 30, 2022 consolidated financial statements. As at January 31, 2023, there is no change in the Company's significant account policies, and significant accounting judgements, estimates and assumptions unless otherwise noted.

The condensed interim consolidated financial statements of the Company as at January 31, 2023 were approved and authorized for issue by the Board of Directors on March 31, 2023.

#### Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. The following companies have been consolidated within these financial statements:

Entity	Country of Incorporation	Voting Control	Functional Currency
Casa Mining Ltd.	Seychelles	99.43%	United States dollar
Regency Mining Ltd.	Seychelles	100%	United States dollar
Leda Mining Congo S.A.	Congo	73.84%	United States dollar
1286492 BC Ltd.	Canada	100%	Canadian dollar
1156219 BC Ltd.	Canada	100%	Canadian dollar

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

#### Basis of Measurement

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim consolidated financial statements have been prepared on the historical-cost basis, except for certain financial assets and financial liabilities.

#### Going Concern Assumption

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company is in the process of exploring its exploration properties and it has not yet determined whether the mineral properties contain reserves that are economically recoverable. As at January 31, 2023, the Company had not advanced any properties to commercial production. During the period ended January 31, 2023, the Company incurred a net loss and comprehensive loss of \$12,761,717 (2022 - \$3,393,668) and, as of that date, had a deficit of \$24,465,797 (April 30, 2022 - \$11,722,164) and working capital deficit of \$3,367,078 (April 30, 2022 - \$1,022,499). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors form a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

#### Significant Accounting Policies

In preparing these unaudited condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended April 30, 2022, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of the unaudited condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.



# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 3. Share Exchange Agreement with Regency Mining Ltd.

On December 22, 2022, the Company entered into a share exchange agreement with Regency Mining Ltd. ("Regency") to acquire 100% of Regency, a private corporation existing under the laws of Seychelles. Regency owns a 99.43% interest in Casa Mining Ltd. ("Casa"), and indirectly through its ownership of Casa, owns a 73.84% interest in Leda Mining Congo S.A. ("Leda"). Leda owns an interest in and to the Misisi Gold Project ("Gold Project") located in the Fizi territory of South Kivu province, in the DRC. The Gold Project covers 133 square kilometers on three contiguous mining licenses, valid until 2045. As consideration, the Company has agreed to pay or issue the following:

- A cash payment of US \$150,000 upon execution of an LOI (paid);
- A cash payment of US \$250,000 on or prior to July 31, 2022 (paid);
- A cash payment of US \$100,000 upon execution of a Definitive Agreement (paid); and,
- Issued 16,000,000 (issued)

The acquisition of Regency does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – Business Combination. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire these entities. The fair value of the consideration paid was determined based on the fair value of the assets received as determined based on IFRS 2 – Share Based Payments.

Purchase price	\$
16,000,000 common shares	5,680,000
2,000,000 finder common shares	710,000
Cash payments	656,567
Transaction costs	3,600
Total consideration paid	7,050,166
Cash	759
VAT receivable	254,236
Deferred consideration payable	(2,543,800)
Liabilities assumed	(4,456,660)
Net liabilities acquired	(6,745,465)
Non-controlling interest	1,764,614
	(4,980,851)
Net exploration and evaluation expenditures	12,031,017

The accounting for this acquisition has been provisionally determined at January 31, 2023. The fair value of total consideration has been determined provisionally and subject to adjustment. Upon completion of a comprehensive finalization of the purchase price allocation, the amounts above may be adjusted retrospectively to the acquisition date in future reporting periods.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 4. ACQUISITION AND EXPLORATION EXPENDITURES

Cumulative acquisition expenditures for the period ended January 31, 2023 and April 30, 2022 were:

	Misisi Gold Project	Black Dog Lake Project	Wings Shear Property	Total Costs
	\$	\$	\$	\$
<b>Acquisition costs:</b>				
Opening, April 30, 2021	-	-	-	-
Additions	-	162,500	577,125	739,625
Ending Balance, April 30, 2022	-	162,500	577,125	739,625
Additions	12,031,017	15,000	-	12,046,017
Ending Balance, January 31, 2023	12,031,017	177,500	577,125	12,785,642

Cumulative exploration expenditures for the period ended January 31, 2023 and April 30, 2022 were:

	Misisi Gold Project	Black Dog Lake Project	Wings Shear Property	Total Costs
<b>Exploration expenditures:</b>				
Assays	-	-	2,318	2,318
Camp costs	-	1,173	-	1,173
Claim staking and renewals	-	4,774	-	4,774
Demobilization	-	7,945	-	7,945
Equipment rental	-	1,350	43,540	44,890
Field expenditures	-	5,002	4,125	9,127
Field personnel	-	9,863	66,625	76,488
Geological	-	17,585	66,785	84,370
Geophysical	-	54,501	-	54,501
Line-cutting	-	1,500	-	1,500
Mobilization	-	7,945	-	7,945
Sampling	-	2,000	61,687	63,687
Transportation	-	500	5,822	6,322
<b>Exploration expenditures up to April 30, 2022 and January 31, 2023</b>	<b>-</b>	<b>114,138</b>	<b>250,902</b>	<b>365,040</b>
<b>Total acquisition and exploration expenditures April 30, 2022</b>	<b>-</b>	<b>276,638</b>	<b>828,027</b>	<b>1,104,665</b>
<b>Total acquisition and exploration expenditures January 31, 2023</b>	<b>12,031,017</b>	<b>291,638</b>	<b>828,027</b>	<b>13,150,682</b>

Management has determined that due to uncertainty on future recoverability of its mineral exploration and evaluation assets, acquisition and exploration costs are expensed as incurred.

#### Black Dog Lake Gold Project, Quebec

On August 4, 2020, the Company signed a property option agreement (the "Black Dog Agreement") to purchase the Black Dog Lake Gold property, which was comprised of 16 contiguous mineral claims, located in the James Bay region, Quebec. The Company staked an additional 9 claims thereby increasing the Black Dog Lake Gold property to 25 claims covering a total of 1,319.4 hectares.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 4. ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

#### Black Dog Lake Gold Project, Quebec (continued)

On September 8, 2022, the Company signed an Amending Agreement (the “Amending Agreement”) and paid \$15,000 to amend the option payment terms to the following:

- The Company is obligated to pay an additional \$55,000 on or before October 31, 2022 (not paid);
- Issue an additional 750,000 shares on or before October 31, 2022 (not issued); and,
- Spend an additional \$200,000 on or before October 31, 2022 (not incurred).

Pursuant to the terms of the Black Dog Agreement and Amending Agreement, the Company can earn a 100% interest in the Black Dog Gold project by making the following payments to the optionors:

Cash Payment Amount to optionor	Shares to be issued to optionor	Minimum exploration requirements
\$35,000 due within 5 business days of the effective date (paid)	14,286 shares (issued at a fair value of \$50,000) and due upon execution of the Black Dog Agreement	\$Nil
\$45,000 due on 1 <sup>st</sup> anniversary date of the effective date (paid)	14,286 shares (issued at a fair value of \$117,500) on or before one year from signing the Black Dog Agreement	\$50,000 to be spent on or before the 1 <sup>st</sup> anniversary date of the effective date (obligation fulfilled)
\$55,000 due on October 31, 2022 (Amended)	750,000 shares to be issued by October 31, 2022 (Amended)	\$200,000 to be spent by October 31, 2022 (Amended)
\$60,000 due on the 3 <sup>rd</sup> anniversary date of the effective date	28,571 shares to be issued on or before three years from signing the Black Dog Agreement	\$500,000 to be spent on or before the 3 <sup>rd</sup> anniversary date of the effective date
<b>\$195,000</b>		<b>\$750,000</b>

The optionors retain a 2% Net Smelter Return Royalty (“NSR”) on all metals recovered from the Black Dog Lake Gold project. The Company has the right at any time to acquire 50% of the NSR for \$1,000,000. In the event that the Company declares a proven reserve supported by a 43-101 Technical Report, an additional 28,571 common shares are to be issued to the optionors. On November 18, 2021, the Company filed an updated 43-101 which does not declare a proven reserve; therefore, the Company is not yet obligated to issue the additional 28,571 shares to the optionors.

As at January 31, 2023, the Company is in negotiation with the above option payments.

#### Wings Shear Property, Newfoundland and Labrador

On January 4, 2021, the Company entered into a mineral property option agreement (the “Wings Shear Agreement”), to acquire a 100% interest in the Wings Shear Property. The property is comprised of 280 claim units covering 7,000 hectares located 32 kilometers northeast of Gander, Newfoundland and Labrador.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 4. ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

#### Wings Shear Property, Newfoundland and Labrador (continued)

Pursuant to the terms of the Wings Shear Agreement, the Company can earn a 100% interest in the Wings Shear Property by making the following payments to the optionor:

\$45,000 (paid) within 5 business days from the effective date	21,429 shares (issued at fair value of \$123,750) to be issued on same day of 1 <sup>st</sup> cash payment (payment date)	\$250,000 prior to the 1 <sup>st</sup> year anniversary of the effective date (incurred)
Reimburse \$13,130 (paid) of staking fees on the effective date	21,429 shares to be issued 4 months from the payment date (1,071 shares issued at fair value of \$6,188 in prior fiscal year and 20,357 shares issued at fair value of \$306,375 in current fiscal year)	An additional \$500,000 prior to the 2 <sup>nd</sup> year anniversary of the effective date

Cash Payment Amount to optionor	Shares to be issued to optionor	Minimum exploration requirements
	42,857 shares (2,143 shares issued at fair value of \$12,375 issued in prior fiscal year and 40,714 issued at fair value of \$206,625 in current fiscal year) to be issued 8 months from payment date	A final \$2,250,000 prior to the 3 <sup>rd</sup> year anniversary of the effective date
	42,857 shares (2,143 shares issued at fair value of \$12,375 in prior fiscal year and 40,714 issued at a fair value of \$64,125 in current fiscal year) to be issued 12 months from payment date	
<b>\$58,130</b>	<b>128,571 shares</b>	<b>\$3,000,000</b>

The optionors retain a 2% Net Smelter Return Royalty (“NSR”) on any commercial production from the Wings Shear Property. The Company has the right at any time to acquire 1.5% of the NSR for \$1,000,000.

The Company also paid \$4,500 cash, and issued 12,857 common shares valued at \$74,250 as finder’s fees for the Wings Shear Property.

As at January 31, 2023, the Company is in negotiation with the above option payment.

#### BC Cariboo Property, British Columbia

On February 12, 2021, the Company issued 85,714 common shares with a fair value of \$5,100,000 to the shareholders of 1286492 BC in exchange for all of the issued and outstanding shares of 1286492 BC. The primary asset held by 1286492 BC was the BC Cariboo Property.

The BC Cariboo Property comprises multiple tenure blocks totaling more than 4,000 hectares and is comprised of three claim groups, the east, central, and west. The property strategically targets the Transitional or Basalt Siltstone of the Barkerville Terrain located in the Cariboo District, British Columbia.

During the period ended January 31, 2023, the BC Cariboo claims were forfeited.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 4. ACQUISITION AND EXPLORATION EXPENDITURES (CONTINUED)

#### Blue Hawk Property, British Columbia

The Company earned a 100% interest in the Blue Hawk property, which consists of the Blue Hawk claims located near Kelowna, British Columbia in 2015. While evaluating the future economic benefits on its Blue Hawk property, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the property until 2020. The Blue Hawk property was sold in 2021 for a nominal amount of \$500.

### 5. PREPAIDS

	January 31, 2023	April 30, 2022
Insurance	9,151	-
Total	9,151	-

### 6. LOAN PAYABLE

On February 12, 2021, the Company assumed debt of \$100,000 owed to a former director of the Company's subsidiary. The loan is non-interest bearing, unsecured and due on demand. During the period ended January 31, 2023, the Company repaid \$100,000 to the former director of the Company's subsidiary. As at January 31, 2023, the balance has been fully repaid.

On May 14, 2022, the Company entered into a Loan Agreement (the "Loan Agreement") with K2 Principal Fund L.P (the "Lender"), whereby the Lender advanced \$450,000 (the "Loan") to the Company. The Loan bears interest of 10% per annum, is unsecured and is due on November 15, 2022. During the period ended January 31, 2023, the Company recorded an interest expense of \$21,699 (2021 - \$Nil) and repaid \$250,000 of the principal. On December 22, 2022, the Company issued 764,478 Units with a fair value of \$502,652 and settled \$200,000 of principal and \$21,699 of interest. Each Unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share with an exercise price of \$0.29 and expires two years from the date of issuance. The Company recorded a loss on loan settlement of \$280,953.

### 7. DEFERRED CONSIDERATION

The Company's subsidiary, Casa Mining Ltd., entered into a share repurchase agreement with Tremont Master Holdings. The Company repurchased and cancelled all of the 2,271,265 class "A" shares by Tremont Master Holdings.

A purchase price of USD 1.00 was payable at completion and a deferred consideration of USD 2,000,000 was payable in January 2020. As at January 31, 2023, the deferred consideration balance was \$2,543,800 (US \$2,000,000).

### 8. SHARE CAPITAL

#### Authorized share capital

Unlimited number of voting common shares without par value.

#### Issued and outstanding

On January 31, 2023, the Company had 38,754,332 (April 30, 2022 – 2,800,479) common shares outstanding.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### 8. SHARE CAPITAL (CONTINUED)

#### *Share Consolidation*

Effective July 22, 2022, the Company consolidated the common shares of the Company on the basis of thirty-five (35) pre-consolidation shares for one (1) post-consolidation share.

#### **Share issuances**

#### *Share issuances during the period ended January 31, 2023*

On September 2, 2022, the Company closed the first tranche of its private placement announced on August 30, 2022, and issued 2,887,500 Units at a price of \$0.16 per unit for gross proceeds of \$462,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.21 and expires two years from the date of issuance. The Company paid \$2,500 cash finder's fee.

On September 22, 2022, the Company closed the second tranche of its private placement announced on August 30, 2022, and issued 6,937,500 Units at a price of \$0.16 per unit for gross proceeds of \$1,110,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.21 and expires two years from the date of issuance. The Company paid \$2,500 cash finder's fee.

On October 7, 2022, the Company closed the third tranche of its private placement announced on August 30, 2022, and issued 7,364,375 Units at a price of \$0.16 per unit for gross proceeds of \$1,178,300. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.21 and expires two years from the date of issuance.

On December 22, 2022, the Company issued 16,000,000 common shares with a fair value of \$5,680,000 pursuant to the acquisition of Regency. The Company issued 2,000,000 finder common shares with a fair value of \$710,000 (Note 3).

On December 22, 2022, the Company issued 764,478 Units pursuant to a loan settlement. The common shares fair value was \$271,390. Each Unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share with an exercise price of \$0.29 and expires two years from the date of issuance. The estimated fair value of the warrants was \$231,262 measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.355; exercise price - \$0.29; expected life - 2 years; volatility - 194%; dividend yield - \$0; and risk-free rate - 3.83% (Note 3).

#### *Share issuances during the year ended April 30, 2022*

On May 5, 2021, the Company issued 20,357 common shares with a fair value of \$306,375 pursuant to the Wings Shear Agreement.

On August 4, 2021, the Company issued 14,286 common shares with a fair value of \$117,500 pursuant to the Black Dog Agreement.

On September 3, 2021, the Company issued 40,714 common shares with a fair value of \$206,625 pursuant to the Wings Shear Agreement.

On January 5, 2022, the Company issued 40,714 common shares with a fair value of \$64,125 pursuant to the Wings Shear Agreement.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 8. SHARE CAPITAL (CONTINUED)

During the year ended April 30, 2022, the Company received a total of \$220,505 from the exercise of 48,243 warrants.

#### Stock options

In December 2019, the Company approved a stock option plan which authorizes the Directors to grant options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Company. Options granted under the plan have a maximum term of ten years and typically vest on the grant or at terms to be determined by the directors at the time of grant.

The following is a summary of the Company's stock option activity:

	Number of stock options	Weighted average exercise price \$
Balance, April 30, 2021	64,286	7.70
Granted	134,286	10.15
Forfeited	(8,572)	(10.15)
Balance, April 30, 2022	190,000	9.32
Expired	(7,143)	(7.70)
Balance, January 31, 2023	182,857	9.38

As of January 31, 2023, the Company had stock options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Number of stock options	Exercise Price \$
April 21, 2026	57,143	7.70
May 27, 2026	125,714	10.15
	182,857	9.38

On May 27, 2021, the Company granted 125,714 stock options to three directors and an officer. Each option is exercisable at \$10.15 per share until May 27, 2026. All of the options vested upon date of grant. The estimated fair value of the options was \$1,396,582 measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$10.50; exercise price - \$10.15; expected life - 5 years; volatility - 516%; dividend yield - \$0; and risk-free rate - 0.90%.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 8. SHARE CAPITAL (CONTINUED)

#### Share purchase warrants

The following is a summary of the Company's warrant activity:

	Number of warrants	Weighted average exercise price \$
Balance, April 30, 2021	322,954	5.25
Expired	(250,854)	(4.55)
Exercised	(48,243)	(4.55)
Balance, April 30, 2022	23,857	14.00
Issued	17,953,853	0.21
Balance, January 31, 2023	17,977,710	0.23

As of January 31, 2023, the Company had warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Number of warrants	Exercise Price \$
October 25, 2024	23,857	14.00
September 2, 2024	2,887,500	0.21
September 22, 2024	6,937,500	0.21
October 7, 2024	7,364,375	0.21
December 22, 2024	764,478	0.29
Total	17,977,710	

### 9. RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. Certain key management personnel provide services through companies that they control. The following transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The following amounts, which are unsecured and non-interest bearing, are reported in accounts payable and accrued liabilities, and related party liabilities:

	January 31, 2023 \$	April 30, 2022 \$
Due to Director and Interim CEO	57,000	250,800
Due to CFO**	24,550	24,100
	81,550	274,900

\*\*On April 30, 2021, the Company entered into a consulting service agreement with the CFO, whereby the Company agreed to pay \$2,000 per month for consulting services.



# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

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### 9. RELATED PARTY TRANSACTIONS (CONTINUED)

The following are the transactions with related parties during the period ended January 31, 2023, and 2022:

	Nine months ended	
	January 31, 2023	January 31, 2022
	\$	\$
Consulting fees to Director and Interim CEO	85,500	85,500
Professional fees to CFO	18,000	18,000
	103,500	103,500

#### *Loan payable*

On February 12, 2021, the Company assumed debt of \$100,000 owed to a former Director of the Company's subsidiary, 1286492. The debt is non-interest bearing, unsecured and due on demand. During the period ended January 31, 2023, the Company repaid this loan in full.

### 10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

As at January 31, 2023 and 2022, the Company did not pay any income tax or interest.

### 11. NON-CONTROLLING INTEREST

The following tables summaries the information relating to the Company's subsidiaries Leda Mining Congo S.A.

Non-controlling interest as at January 31, 2023:

	Leda Mining Congo S.A.
Opening balance	-
Acquisition of Regency Mining Ltd.	(1,764,614)
Net loss attributable to non-controlling interest	(17,747)
Ending Balance	(1,782,361)

### 12. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at January 31, 2023, all the Company's assets are located in Canada.

### 13. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The aforementioned exploration and evaluation work will require additional financial resources. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended April 30, 2022.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### 14. FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### i. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and other receivables. The Company's cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high-quality financial institutions as determined by rating agencies. Management believes that its credit risk is not significant.

#### ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. On January 31, 2023, the Company had a cash balance of \$819,536 (April 30, 2022 - \$56,040) to settle current liabilities of \$4,462,022 (April 30, 2022 - \$1,079,261). All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### iii. Currency Risk

The Company currently has minimal foreign exchange risk as it conducts the majority of its business within Canada and in Canadian dollars.

#### iv. Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

#### v. Interest Rate Risk

The Company does not have any loans. The Company is not currently exposed to significant interest rate risk.

# Valorem Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended January 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### 15. SUBSEQUENT EVENTS

On February 17, 2023, the Company issued 4,169,786 common shares and settled debt of \$1,084,145.

On March 20, 2023, the Company issued 4,100,000 stock options to certain consultants of the Company. Each option allows the holder to acquire one common share with an exercise price of \$0.51 per option and expires three years from the date of grant. The options vested as follows: 25% on the date of issuance, and 25% every months thereafter.