

GRAYCLIFF EXPLORATION LIMITED

**Condensed Interim Financial Statements
(Unaudited)**

For the Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

GRAYCLIFF EXPLORATION LIMITED

Condensed Interim Statements of Financial Position

(unaudited)

As at March 31, 2024 and December 31, 2023

Expressed in Canadian dollars

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 21,479	\$ 38,035
Marketable securities (Note 6 and 9)	100,000	---
Amounts receivable (Note 3)	7,402	3,227
Prepaid expenses	7,701	8,817
	136,582	50,079
Non-current assets		
Right-of-use asset (Note 8)	56,696	61,057
	\$ 193,278	\$ 111,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 222,467	\$ 194,668
Lease liability (Note 8)	16,441	15,641
	238,908	210,309
Non-current liabilities		
Long-term lease liability (Note 8)	49,602	53,980
Total liabilities	288,510	264,289
Shareholders' deficit		
Share capital (Note 4)	7,493,988	7,493,988
Contributed surplus (Note 4)	2,094,010	2,094,010
Warrants (Note 4)	267,564	267,564
Deficit	(9,950,794)	(10,008,715)
	(95,232)	(153,153)
	\$ 193,278	\$ 111,136

Nature of Operations and Going Concern (Note 1)

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

On behalf of the Board,

"Signed"

David Lees

David Lees
Director

"Signed"

James Macintosh

James Macintosh
Director

GRAYCLIFF EXPLORATION LIMITED

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

(unaudited)

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars

	2024	2023
Operating Expenses		
Management fees (Note 5)	\$ 36,000	\$ 37,500
Promotion and shareholder communication	9,888	56,277
Exploration and evaluation	6,325	64,716
General and administrative costs	5,520	34,464
Professional and consulting fees	4,985	4,202
Amortization	4,361	4,361
Project acquisition costs (Note 6)	---	120,000
Net loss and comprehensive loss before other items	\$ (67,079)	\$ (321,520)
Gain on sale of property	125,000	---
Interest income	---	2,830
Net income (loss) and comprehensive income (loss) for the period	\$ 57,921	\$ (318,690)
Basic and diluted income (loss) per common share (Note 7)	\$ 0.00	\$ (0.02)
Weighted average number of shares outstanding during the period – basic and diluted	17,609,841	17,609,841

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

GRAYCLIFF EXPLORATION LIMITED

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

(unaudited)

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars

	Shares Outstanding (##)	Share Capital (\$\$)	Warrants (\$\$)	Contributed Surplus (\$\$)	Deficit (\$\$)	Total (\$\$)
Balance at December 31, 2022	16,609,841	7,373,988	1,330,673	1,030,901	(9,263,728)	471,834
Issue of share capital - acquisition of mining claims (Notes 4 and 6)	1,000,000	120,000	---	---	---	---
Warrant expiry	---	---	(103,971)	103,971	---	---
Net loss for the period	---	---	---	---	(318,690)	(318,690)
Balance at March 31, 2023	17,609,841	7,493,988	1,226,702	1,134,872	(9,582,418)	273,144
Balance at December 31, 2023	17,609,841	7,493,988	267,564	2,094,010	(10,008,715)	(153,153)
Net income for the period	---	---	---	---	57,921	57,921
Balance at March 31, 2024	17,609,841	7,493,988	267,564	2,094,010	(9,950,794)	(95,232)

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

GRAYCLIFF EXPLORATION LIMITED
Condensed Interim Statements of Cash Flows

(unaudited)

For the three months ended March 31, 2024 and March 31, 2023

Expressed in Canadian dollars

	2024	2023
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 57,921	\$ (318,690)
Common shares issued for mining claims	---	120,000
Shares received on sale of mining claims	(100,000)	
Interest accretion on lease liability	2,566	---
Amortization	4,361	4,361
Net change in non-cash working capital balances:		
Amounts receivable	(4,175)	(1,893)
Prepaid expenses	1,116	32,882
Accounts payable and accrued liabilities	27,799	44,535
Net cash flows used in operating activities	(10,412)	(118,805)
INVESTING ACTIVITIES		
Marketable securities	---	107,178
Net cash flows from investing activities	---	107,178
FINANCING ACTIVITIES		
Payment of lease principal	(6,144)	(2,888)
Net cash flows from financing activities	(6,144)	(2,888)
Net decrease in cash	(16,556)	(14,515)
Cash, beginning of the period	38,035	40,283
Cash, end of the period	\$ 21,479	\$ 25,768

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

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

1. Nature of Operations and Going Concern

Graycliff Exploration Limited (formerly 1093683 B.C. Ltd.), a company incorporated under the laws of British Columbia, Canada (the “**Company**” or “**Graycliff**”) is engaged in the acquisition, exploration, development and extraction of natural resources, specifically precious metals.

Its head office is located at 2702-401 Bay Street Toronto, ON M5H 2Y4. The Company is listed on the Canadian Securities Exchange, trading under the symbol “GRAY” and effective December 16, 2020, it began trading on the OTCQB Venture Marketplace (“OTCQB”) under the symbol “GRYCF”

Mineral exploration projects, even when successful, require large amounts of exploration investment to prove mineable reserves, generally over long periods of time, prior to commencement of production. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing, the continued support of its existing shareholders, and the outlining and development of commercial deposits of metals at its project to generate positive cash flows from operations. While the Company has been successful in securing financing and identifying suitable properties to date, there is no assurance that the Company will continue to be successful in achieving these objectives.

These unaudited condensed interim financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying Financial Statements. Such adjustments could be material.

As at March 31, 2024, the Company had a negative working capital balance of \$102,326 (December 31, 2023 – negative working capital of \$160,230) and an accumulated deficit of \$9,950,794 (December 31, 2023 - \$10,008,715). The Company’s ability to continue operations is dependent on management’s ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurances that it will be able to do so in the future. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The ability of the Company to realize the costs it has incurred to date on its properties is dependent upon the Company being able to identify economically recoverable reserves, to finance their development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the reserves. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

The accompanying annual financial statements have been prepared using International Financial Reporting Standards applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. It would, in this situation, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying Financial Statements. Such adjustments could be material.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

2. Basis of Presentation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of May 17, 2024, the date the Board of Directors approved the financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2023, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2023 could result in restatement of these unaudited condensed interim financial statements.

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these unaudited interim condensed financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These unaudited condensed interim financial statements are presented in Canadian Dollars, which is also the functional currency of the Company. All financial information is expressed in Canadian Dollars otherwise stated and has been rounded to the nearest dollar.

New standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024. The following amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after January 1, 2024:

- General Requirements for Disclosure of Sustainability-related Financial Information (New standard IFRS S1);
- Climate-related Disclosures (New standard IFRS S2);
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Noncurrent); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants);

The Company has concluded that the above are not applicable or do not have a significant impact to the Company and have been excluded as it is expected to have no impact on the unaudited condensed interim financial statements.

3. Amounts Receivable

Included in the amounts receivable as of March 31, 2024 is HST receivable of \$5,481 (December 31, 2023 - \$2,830).

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended March 31, 2024 and 2023

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4. Share Capital

Common Shares Authorized

Unlimited number of common shares with no par value

Common Shares Issued:

	Number of Shares	Amount
Balance, December 31, 2021	15,001,901	\$ 7,018,276
Issued on settlement of accounts payable	82,940	52,250
Issued on private placements	1,525,000	610,025
Cash share issue costs	---	(39,000)
Warrant allocation	---	(267,563)
Balance, December 31, 2022	16,609,841	\$ 7,373,988
Acquisition of mining claims	1,000,000	120,000
Balance, December 31, 2023 and March 31, 2024	17,609,841	\$ 7,493,988

On October 11, 2023, Graycliff completed a consolidation of its issued and outstanding shares on the basis of one (1) post-consolidation common share for every two (2) pre-consolidation common shares, resulting in 17,609,841 post-consolidation shares outstanding. The number of shares, warrants and options and exercise price of warrants and options comprising these financial statements are presented retroactive on a post-consolidation basis.

On March 2, 2023, the Company issued 1,000,000 common shares for the purchase of new claims.

Warrants

At March 31, 2024, there were there were 1,605,000 warrants outstanding, with each warrant entitling the holder to acquire one common share of the Company at the prices noted below:

Number	Value Assigned	Exercise Price	Remaining Contractual Life	
			In Years	Expiry Date
1,475,000	248,570	\$0.60	1.28	July 12, 2025
80,000	14,038	\$0.60	1.28	July 14, 2025
50,000	4,956	\$0.60	1.44	September 7, 2025
1,605,000	\$ 267,564	\$0.60	1.29	

Stock Options

During the quarter ended March 31, 2024, there were no option grants, exercises or expirations.

At March 31, 2024, the Company has outstanding share purchase options enabling holders to acquire common shares of the company as follows:

Grant Date	Options Outstanding	Options Vested	Remaining Contractual Life In Years	Exercise Price (\$)	Expiry Date
December 4, 2019	237,500	237,500	0.68	0.30	December 4, 2024
September 3, 2020	150,000	150,000	1.43	1.12	September 3, 2025
October 13, 2020	100,000	100,000	1.54	1.70	October 13, 2025
April 23, 2021	450,000	450,000	2.06	1.50	April 23, 2026
December 17, 2021	450,000	450,000	2.72	0.50	December 17, 2026
	1,387,500	1,387,500	1.93	0.94	

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended March 31, 2024 and 2023

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5. Related Party Transactions

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value and approved by the Board of Directors in strict adherence to conflict-of-interest law and regulations.

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them for the three-month periods ended March 31, 2024 and 2023:

	March 31, 2024	March 31, 2023
	(\$)	(\$)
Consulting - President and CEO	15,000	22,500
Consulting - CFO	10,500	15,000
	25,500	37,500

At March 31, 2024, \$75,000 was due to the Company's President and CEO and \$32,500 was due to the Company's CFO on account of unpaid fees (December 31, 2023 - \$60,000 and \$22,000, respectively). This amount is accrued and included in accounts payable.

During the quarter ended March 31, 2023, a company, in which a Graycliff director is a principal, received \$10,500 for marketing and corporate services (quarter ended March 31, 2024 - \$NIL).

6. Mineral Property Interests

On August 23, 2019, the Company signed an option agreement to acquire the Shakespeare Property in Ontario. The following commitments were completed in 2021: 1,000,000 shares were paid to the optionors and in excess of \$300,000 of exploration expenditures were carried out. Graycliff currently owns 100% of the original claims, subject to the 2% net smelter return ("NSR") royalty. The Company can buy back 1% of the NSR for \$2,000,000.

On October 15, 2020, the Company announced the acquisition of 15 additional mining claims comprising approximately 330 hectares at the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 487,500 common shares for the new claims.

On March 30, 2021, the Company issued 125,000 common shares, to acquire key mining leases and claims which consolidate the ground surrounding the Shakespeare Gold Mine located within Graycliff's Shakespeare Gold Project. These shares were valued at \$225,000 and recorded as "project acquisition costs" in operations.

On May 12, 2021, the Company acquired additional mining claims adjacent to the Company's Shakespeare Gold Project. Under the terms of the acquisition, Graycliff issued 900,000 common shares, valued at \$936,000, for a 100% interest in the Baldwin Project, subject to a 2% net smelter return royalty. The value of the shares have been recorded as "project acquisition costs" in operations.

On August 23, 2021, pursuant to its Shakespeare Property option agreement, Graycliff issued 250,000 common shares, valued at \$237,500 recorded as project acquisition costs in operations.

On March 2, 2023, the Company signed an asset purchase agreement to acquire new mining claims at the Lunge Project in the Sudbury Basin of Ontario. The newly acquired project comprises 27 claim units covering 601 hectares. Under the terms of the acquisition, Graycliff issued 1,000,000 common shares, valued at \$120,000, for a 100% interest in the Lunge Project, subject to a 2% net smelter return royalty. The value of the shares have been recorded as "project acquisition costs" in operations.

On March 1, 2024, the Company closed the sale of its Baldwin and Lunge Projects to EV Minerals Corporation ("EV Minerals"), in company which a Graycliff director is the Chief Executive Officer. EV Minerals purchased a 100% interest in two packages of claims known as the Baldwin and Lunge Projects for a total of 2,000,000 common shares in the capital of EV Minerals and a one-time cash payment in the amount of \$25,000.

GRAYCLIFF EXPLORATION LIMITED

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended March 31, 2024 and 2023

Expressed in Canadian dollars unless otherwise indicated

7. Loss Per Share

The calculation of basic income or loss per share for the three months ended March 31, 2024 and 2023 was based on total income attributable to common shareholders of \$57,921 (2023 – loss of \$318,690) and a weighted average number of common shares outstanding of 17,609,841 (2023 - 17,609,841).

Diluted loss per share equals basic loss per share as all outstanding options and warrants were anti-dilutive for all periods presented.

8. Right of Use Asset and Lease Liability

On June 1, 2022, the Company entered into a lease agreement for office space in Ontario, Canada. The lease payments are discounted using an interest rate of 15%, which is the Company's incremental borrowing rate. The lease has an expiry date of June 30, 2027.

	2024
Lease liability, beginning of period	\$ 69,621
Additions	---
Interest expense	2,566
Lease payments	(6,144)
Lease liability at March 31, 2024	\$ 66,043
Allocated as:	
Current	16,441
Long term	49,602
Balance, March 31, 2024	\$ 66,043
Maturity analysis - contractual undiscounted cash flows	As at March 31, 2024
Due less than one year	\$ 16,441
Due between one and two years	19,586
Due between two and three years	23,528
Due thereafter	6,487
Total undisclosed lease obligations	\$ 66,042
Below summarizes the right of use asset	As at March 31, 2024
Net book value, beginning of period	\$ 61,057
Additions	---
Amortization expense	(4,361)
Net book value at March 31, 2024	\$ 56,696

9. Marketable Securities

The following table summarizes the Company's marketable securities:

Name	Ticker	March 31, 2024		December 31, 2023	
		Quantity	Value	Quantity	Value
EV Minerals Corporation	EVM	2,000,000	\$100,000	---	\$---

The following table summarizes the Company's marketable securities activity for the quarter ended March 31, 2024 and the year ended December 31, 2023:

	March 31, 2024	December 31, 2023
Balance, beginning of the period	\$ ---	\$ ---
Sale of property (Note 6)	100,000	---
Fair market value adjustments	---	---
Balance, end of the period	\$ 100,000	\$ ---