

CAMEO RESOURCES INC.
(Formerly Elmira Capital Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Six months ended February 29, 2024

Unaudited - Prepared by Management

CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	February 29, 2024	August 31, 2023
ASSETS		
Current assets		
Cash	\$ 29,853	\$ 4,131
Marketable securities (Note 5)	1,178	1,178
Total current assets	31,031	5,309
Non-current assets		
Exploration and evaluation assets (Note 6)	328,706	328,706
Total non-current assets	328,706	328,706
TOTAL ASSETS	\$ 359,736	\$ 334,015
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 8)	\$ 109,561	\$ 138,747
Total current liabilities	109,561	138,747
Long-term liabilities		
Due to related parties (Note 8)	330,652	918,352
Total long-term liabilities	330,652	918,352
TOTAL LIABILITIES	440,213	1,057,099
SHAREHOLDERS' DEFICIT		
Capital stock (Note 7)	1,151,500	701,500
Reserves (Note 7)	47,002	47,002
Deficit	(1,278,979)	(1,471,586)
TOTAL SHAREHOLDERS' DEFICIT	(80,477)	(723,084)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 336,038	\$ 334,015

Nature and continuance of operations (Note 1)

Proposed transaction (Note 12)

The condensed consolidated interim financial statements are signed on the Company's behalf by:

“Abby Farrage”

“Leonard Senfi”

Director & Chief Executive Officer

Director

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

CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Three months ended February 29, 2024	Three months ended February 28, 2023	Six month ended February 29, 2024	Six months ended February 28, 2023
EXPENSES				
Accounting and audit	\$ 18,900	\$ 44,855	\$ 18,900	\$ 47,147
Consulting fees (<i>Note 8</i>)	3,000	6,000	5,500	12,000
Management fees (<i>Note 8</i>)	-	15,000	-	30,000
Office and administration (<i>Note 8</i>)	10,382	13,794	22,359	27,541
Professional fees	26,193	11,426	33,289	11,426
	(58,475)	(91,075)	(80,048)	(128,114)
OTHER ITEMS				
Gain on forgiveness of debt (<i>Note 8</i>)	9,954	14,365	272,655	14,365
Unrealized gain (loss) on marketable securities (<i>Note 5</i>)	-	-	-	1,178
	9,954	14,365	272,655	15,543
Gain/(Loss) and comprehensive loss for the period	\$ (48,521)	\$ (76,710)	\$ 192,607	\$ (112,571)
Basic and diluted gain (loss) per share	\$ (0.00)	\$ (0.00)	0.00	(0.00)
Weighted average number of shares outstanding – basic and diluted	21,540,001	17,040,001	19,908,133	17,040,001

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CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended February 29, 2024

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Six months ended February 29, 2024	Six months ended February 28, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ 192,607	\$ (112,571)
Items not involving cash:		
Accrued management fees	-	15,000
Accrued office and administration	-	7,500
Share-based compensation	-	-
Gain on forgiveness of debt	(277,500)	-
Unrealized gain on marketable securities	-	(1,178)
Changes in non-cash operating working capital:		
Trust account	-	2,292
Accounts payable and accrued liabilities	(29,185)	22,924
Net cash used in operating activities	(114,078)	(66,033)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net exploration and evaluation expenditures	-	(62,229)
Net cash used in investing activities	-	(128,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	(310,200)	90,777
Capital stock	450,000	-
Net cash provided by financing activities	139,800	90,777
Change in cash	25,722	(37,485)
Cash, beginning	4,131	45,732
Cash, ending	\$ 29,853	\$ 8,247

Supplemental Cash Flow Information:

There were no supplemental cash flow disclosures for the six months ended February 29, 2024 and February 28, 2023.

CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Condensed Consolidated Interim Statement of Changes in Equity

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Number of shares	Capital Stock	Reserve	Deficit	Total Equity
Balance as at August 31, 2023	17,040,001	\$ 701,500	\$ 47,002	\$ (1,471,586)	\$ (723,084)
Debt settlement	4,500,000	450,000	-	-	450,000
Comprehensive gain/(loss) for the period	-	-	-	241,128	241,128
Balance as at November 30, 2023	21,540,001	\$ 1,151,500	\$ 47,002	\$ (1,230,458)	\$ (31,956)
Comprehensive gain/loss for the period	-	-	-	(48,521)	(48,521)
Balance as at February 29, 2024	21,540,001	\$ 1,151,500	\$ 47,002	\$ (1,278,979)	\$ (80,477)

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CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Notes to the condensed consolidated interim financial statements

For the nine months ended February 29, 2024

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(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Elmira Capital Inc. (the "Company") was incorporated on August 22, 2014 under the Business Corporation Act of British Columbia. On May 12, 2023, the Company changed its name to Cameo Resources Inc. The head office of the Company is 5623 145A Street, Surrey, B.C. V3S 8E3. The Company is a junior exploration company.

These condensed consolidated interim financial statements have been prepared 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. As at February 29, 2024, the Company has not generated any revenues from operations, has a working capital deficiency of \$80,477 (August 31, 2023 - \$723,084) and an accumulated deficit of \$1,230,458 (August 31, 2023 - \$1,471,586). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

If the going concern assumption is not appropriate for these condensed consolidated interim financial statements, then adjustments that would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's functional and reporting currency is the Canadian dollar. The condensed consolidated interim financial statements were prepared and approved for issuance by the Board of Directors on April 9, 2024.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

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

Basis of Consolidation

These consolidated financial statements include the accounts of the Company, which is incorporated under the laws of British Columbia, and its wholly owned subsidiary, Elmira Capital (US) Corp. which was incorporated in Nevada, USA on December 23, 2019. All significant intercompany balances and transactions have been eliminated upon consolidation. The entity was inactive during the year.

CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Notes to the condensed consolidated interim financial statements

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3. JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed consolidated interim financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2023.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended August 31, 2023.

New standards, interpretations and amendments not yet effective

Accounting standards, amendments to standards and interpretations that have been issued but have future effective dates are either not applicable or are not expected to have a material effect on the financial statements of the Company.

5. MARKETABLE SECURITIES

Marketable securities are recorded at fair value through profit and loss and are comprised of the following:

	February 29, 2024			August 31, 2023		
	Common shares	Market value	Cost	Common shares	Market value	Cost
Right Season Investments Corp. (formerly Urban Select Capital Corp).	33,668	\$ 1,178	\$ 25,250	33,668	\$ 1,178	\$ 25,250
		\$ 1,178	\$ 25,250		\$ 1,178	\$ 25,250

During the period ended February 29, 2024, the Company did not recognize a gains or losses on marketable securities.

CAMEO RESOURCES INC. (formerly ELMIRA CAPITAL INC.)

Notes to the condensed consolidated interim financial statements

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6. EXPLORATION AND EVALUATION ASSETS

	Nevada Claims, USA
Balance – August 31, 2023	\$ 328,706
Balance – February 29, 2024	\$ 328,706

Nevada Claims, USA

The Company entered into an option agreement with Kokanee Placer Two Ltd. (“Kokanee”) in December 2018, which was amended in November 2019 and on September 21, 2022. Pursuant to the agreement, Kokanee granted the Company an option to earn an 80% interest in certain mineral claims in Nevada, USA for consideration of the following:

- i) Cash payment of \$50,000 USD (paid);
- ii) Issuance of 1,000,000 shares on or before January 31, 2019 (issued with a fair value of \$30,000); and
- iii) \$75,000 USD in exploration expenditures incurred on or before each of September 1, 2019 and December 31, 2019, respectively (deemed by optionor to have been incurred).

Kokanee further granted the Company an option to purchase up to an additional 20% interest in the mineral claims in consideration of cash payments of \$1,000,000 for each additional 5% interest in the mineral claims for up to \$4,000,000.

On September 21, 2022, Kokanee provided notice to the Company that it removed the requirement of the for the additional cash payments of \$1,000,000 for each additional 5% interest in the mineral claims and confirmed that the Company had earned the additional 20% interest prior to December 31, 2021.

7. SHARE CAPITAL

On November 7, 2023, the Company entered into debt reorganization agreements with the CEO of the Company and a company controlled by the CEO, the “Debt Holders”, whereby the Debt Holders agreed to settle debt of \$450,000 through the issuance of 4,500,000 common shares of the Company, forgive debt of \$262,700 and issue a postponement of payment for \$213,852 until the date which is 13 months from the date that the Company’s common shares are listed and called for trading on the CSE. The Company issued these shares on November 7, 2023.

Authorized – unlimited common and preferred shares without par value

- (b) Issued and outstanding: 21,540,001 as at February 29, 2024 and 17,040,001 as at August 31, 2023.

Stock options

The Company’s plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

On May 15, 2023, the Company approved the issuance of 1,050,000 stock options to officers and directors of the Company to be effective on the date the Company lists its shares on the Canadian Securities Exchange (“CSE”). Each stock option will be exercisable at \$0.10 per share for a period of five years from the date of listing. The estimated grant date fair value of these options was \$87,768 using the Black-Scholes Option Pricing Model. The assumptions used to value the options included volatility of 120.66% a risk-free interest rate of 3.08% and a five-year term. As at August 31, 2023, the Company had recognized \$36,318 as share-based compensation. Total share-based compensation recognized as of February 29, 2024 is \$47,002.

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The changes in options during the period ended February 29, 2024 and August 31, 2023 are as follows:

	Year ended February 29, 2024		Year ended August 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of	-	-	-	\$ -
Options granted	-	-	1,050,000	0.10
Outstanding, end of year	-	-	1,050,000	\$ 0.10
Exercisable, end of year	-	-	-	\$ -

As at February 29, 2024, the Company had the following options outstanding:

Grant date	Expiry date	Number of options	Exercise price
May 15, 2023	Five years from Listing Date	1,050,000	\$ 0.10
		1,050,000	

8. RELATED PARTY TRANSACTIONS

During the period ended February 29, 2024 and February 28, 2023, the Company was involved in the following related party transactions:

- Incurred management fees of \$nil (February 28, 2023 - \$30,000) and rent expenses, grouped in office and administration, of \$nil (February 28, 2023 - \$15,000) to the CEO and Director of the Company.
- Incurred consulting fees of \$nil (February 28, 2023 - \$12,000) to the CFO of the Company.
- As at February 29, 2024, \$36,500 (February 28, 2023 - \$48,500) was owing to the CFO of the Company and included in accounts payable and accrued liabilities. The amount is due on demand and non-interest bearing.
- As at February 24, 2024, \$330,652 (February 28, 2023 - \$800,224) was due to the CEO and Director of the Company

On September 1, 2023, the Company and the CEO entered into Amendment Agreements for the management fees and rent incurred of \$5,000 and \$2,500 per month, respectively. Per the Amendment Agreements, the CEO has agreed that no amounts relating to these fees will be paid and no further amounts incurred until the Company's shares have been listed on a Canadian stock exchange.

On November 7, 2023, the Company entered into debt reorganization agreements with the CEO of the Company and a company controlled by the CEO, the "Debt Holders", whereby the Debt Holders agreed to settle debt of \$450,000 through the issuance of 4,500,000 common shares of the Company, forgive debt of \$262,700 and issue a postponement of payment for \$213,852 until the date which is 13 months from the date that the Company's common shares are listed and called for trading on the CSE. The Company issued these shares on November 7, 2023.

9. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital

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structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

10. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

As at February 29, 2024 the Company's financial instruments consist of cash, marketable securities, accounts payable and due to related parties. The fair value of all financial instruments approximates their carrying values. Cash and marketable securities are classified as FVTPL. Accounts payable and due to related parties are classified as amortized cost.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost.

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements. Liquidity risk is assessed as high.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company does not have any cash or variable interest loans, management considers the interest rate risk to be minimal.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars. In management's opinion there is no material foreign exchange risk to the Company.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets. The Company's exploration and evaluation asset is located in the USA.

12. PROPOSED TRANSACTION

On February 26, 2024, the Company filed an amended final prospectus. Under the offering, the Company will issue up to 7,500,000 common shares of the Company at \$0.10 per share for gross proceeds of up to \$750,000. The Company will pay to the Agent a commission of 10% of the gross proceeds of the IPO, issue compensation options ("Compensation Options") equal in number to 10% of the number of shares sold under the IPO and will pay a corporate finance fee of \$22,500 on closing of

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12. PROPOSED TRANSACTION (continued)

the IPO. The Compensation Options will entitle the Agent to purchase one common share of the Company at \$0.10 per share for a period of 60 months following the date the Company's shares are listed on the CSE.