

**HARDCORE DISCOVERIES LTD.**

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended June 30, 2024, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

**HARDCORE DISCOVERIES LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
As at June 30, 2024 and December 31, 2023  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Current		
Cash	\$ 7,049	\$ 6,258
Amount receivable	13,913	15,865
	<u>\$ 20,962</u>	<u>\$ 22,123</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 659,551	\$ 515,326
Due to related parties (Note 7)	154,013	153,240
Termination liability (Note 5)	648,000	648,000
Note payable (Note 8)	15,000	15,000
	<u>1,476,564</u>	<u>1,331,566</u>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital (Note 6)	7,772,719	7,772,719
Contributed surplus	682,850	576,650
Deficit	<u>(9,911,171)</u>	<u>(9,658,812)</u>
	<u>(1,455,602)</u>	<u>(1,309,443)</u>
	<u>\$ 20,962</u>	<u>\$ 22,123</u>

Going concern (Note 2)

APPROVED ON BEHALF OF THE BOARD:

“Patrick Morris” Director  
Patrick Morris

“Mark Luchinski” Director  
Mark Luchinski

**HARDCORE DISCOVERIES LTD.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and six months ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended		For the six months ended	
	2024	2023	2024	2023
Expenses				
Consulting fees (Note 7)	\$ 67,500	\$ 37,346	\$ 135,000	\$ 110,846
Depreciation	-	118	-	296
Filing fees	3,150	2,590	5,775	4,840
General exploration costs (Notes 5 and 7)	-	5,740	-	16,240
Office and general	307	789	660	1,645
Professional fees	73	11,095	338	36,437
Share-based payments (Notes 6 and 7)	106,200	9,949	106,200	9,949
Transfer agent	510	1,292	4,386	2,281
Loss before other items	(177,740)	(68,919)	(252,359)	(182,534)
Other items:				
Gain on debt settlement (Note 7)	-	151,710	-	151,710
Write-off of equipment	-	(3,254)	-	(3,254)
	-	148,456	-	148,456
Net income (loss) and comprehensive income (loss) for the period	\$ (177,740)	\$ 79,537	\$ (252,359)	\$ (34,078)
Basic and diluted income (loss) per share	\$ (0.03)	\$ 0.02	\$ (0.04)	\$ (0.01)
Weighted average number of common shares outstanding	6,031,123	5,100,936	6,031,123	5,010,308

**HARDCORE DISCOVERIES LTD.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total Shareholders' Deficit</b>
Balance, December 31, 2022	4,918,673	\$ 7,616,351	\$ 647,360	\$ (8,693,311)	\$ (429,600)
Shares issued pursuant to option agreement	25,000	6,250	-	-	6,250
Shares issued for debt settlement	487,450	73,118	-	-	73,118
Share-based payments stock options	-	-	9,949	-	9,949
Net loss for the period	-	-	-	(34,078)	(34,078)
Balance, June 30, 2023	5,431,123	\$ 7,695,719	\$ 657,309	\$ (8,727,389)	\$ (374,361)
Balance, December 31, 2023	6,031,123	\$ 7,772,719	\$ 576,650	\$ (9,658,812)	\$ (1,309,443)
Share-based payments restricted share unit ("RSU") plan	-	-	106,200	-	106,200
Net loss for the period	-	-	-	(252,359)	(252,359)
Balance, June 30, 2024	6,031,123	\$ 7,772,719	\$ 682,850	\$ (9,911,171)	\$ (1,455,602)

See accompanying notes to condensed interim financial statements

**HARDCORE DISCOVERIES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the six months ended June 30, 2024 and 2023  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (252,359)	\$ (34,078)
Items not affecting cash:		
Amortization	-	296
Share-based payments	106,200	9,949
Gain on debt settlement	-	(151,710)
Write-off of equipment	-	3,254
Changes in non-cash working capital items related to operations:		
Amount receivable	1,952	5,464
Prepaid expenses and deposits	-	4,457
Accounts payable and accrued liabilities	144,225	131,309
Cash provided by (used in) operating activities	18	(31,059)
<b>Financing Activity</b>		
Due to related parties	773	16,984
Cash provided by financing activity	773	16,984
Change in cash during the period	791	(14,075)
Cash, beginning of period	6,258	21,027
Cash, end of the period	\$ 7,049	\$ 6,952
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>Non-cash Transactions:</b>		
Shares issued for exploration and evaluation assets	\$ -	\$ 6,250
Shares issued for debt settlement of accounts payable and due to related parties	\$ -	\$ 73,118

## **HARDCORE DISCOVERIES LTD.**

(formerly Makara Mining Corp.)

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **1. CORPORATE INFORMATION**

Hardcore Discoveries Ltd. (formerly Makara Mining Corp.) (the “Company”) is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol “MAKA”. On December 5, 2023, the Company changed the name to “Hardcore Discoveries Ltd.” The Company commenced trading on CSE under the new trading symbol “HARD” on December 7, 2023.

On November 23, 2023, the Company completed a share consolidation on the basis of one-post consolidation common share for every ten pre-consolidation common shares (the “Share Consolidation”). All share and per share amounts including the exercise price of the outstanding stock options, warrants and RSUs and the number of options, warrants and RSUs were proportionately adjusted upon the Share Consolidation. All historical information presented in the financial statements have been adjusted to reflect the Share Consolidation.

The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on August 28, 2024.

#### **(b) Basis of Measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the annual financial statements at December 31, 2023. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

#### **(c) Going Concern**

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At June 30 2024, the Company has not achieved profitable operations, has accumulated losses of \$9,911,171 since inception and expects to incur further losses in the development of its business.

## **HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **2. BASIS OF PREPARATION – (cont'd)**

#### **(c) Going Concern – (cont'd)**

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war between Hamas and Israel in Gaza and potential economic global challenges such as the risk of the higher inflation and energy crisis, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### **3. MATERIAL ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at December 31, 2023.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

#### **Critical judgments in applying accounting policies**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).



## HARDCORE DISCOVERIES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 5. EXPLORATION AND EVALUATION ASSETS

	Win Property	Idaho Property	Total
<u>Deferred costs</u>			
Balance, December 31, 2022	60,567	100,500	161,067
Shares issued	-	6,250	6,250
Impairment	(60,567)	(106,750)	(167,317)
Balance, December 31, 2023 and June 30, 2024	\$ -	\$ -	\$ -

Summary of exploration expenditures for the six months ended June 30, 2024 and 2023:

	For the six months ended June 30,	
	2024	2023
<u>Win Property</u>		
Exploration expenditure		
Field and miscellaneous	\$ -	\$ 16,240
Total	\$ -	\$ 16,240

#### Win Property

On September 21, 2020, the Company staked 127 claims (Win Claims) which is contiguous with the southern boundary to the Rude Creek Property for a total of \$36,000. On September 30, 2021, the Company staked an additional 13 claims for a total of \$1,950. During the year ended December 31, 2022, the Company staked additional claims for a total of \$24,567.

During the year ended December 31, 2023, the Company recorded an impairment charge of \$60,567 as the mineral claims expired.

## **HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

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### **5. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

#### Idaho Property

By a property option agreement dated August 19, 2020 and as amended on October 13, 2021 and March 21, 2023, the Company may earn a 100% interest in the Idaho property. The property consists of 58 mineral tenures located in the Whitehorse Mining District in the Yukon Territory. As consideration, the Company will pay of \$150,000, issue 75,000 (750,000 pre-consolidated) common shares of the Company and incur aggregate expenditures of \$2,000,000 as follows:

- a) Cash payment of \$5,000 (paid) and issuance of 2,500 (25,000 pre-consolidated) common shares (issued) of the Company upon execution of this agreement;
- b) Incur \$50,000 in exploration expenditures on or before December 1, 2020 (incurred);
- c) Cash payment of \$10,000 (paid) and issuance of 5,000 (50,000 pre-consolidated) common shares of the Company (issued) on or before May 1, 2021;
- d) Incur an additional \$25,000 in exploration expenditures on or before December 1, 2021 (incurred);
- e) Cash payment of \$20,000 (paid) and issuance of 10,000 (100,000 pre-consolidated) common shares of the Company on or before May 1, 2022 (issued);
- f) Issuance of 25,000 (250,000 pre-consolidated) common shares of the Company on or before May 1, 2023 (issued);
- g) Cash payment of \$40,000 on or before August 31, 2023;
- h) Incur an additional \$725,000 in exploration expenditures on or before December 1, 2023;
- i) Cash payment of \$75,000 and issuance of 32,500 (325,000 pre-consolidated) common shares of the Company on or before May 1, 2024; and
- j) Incur an additional \$1,200,000 in exploration expenditures on or before December 1, 2024.

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for \$1,000,000.

The Company has agreed that if it does not incur the \$725,000 in exploration expenditures on or before December 1, 2023, the Company will pay the optionor the difference (the “Obligation”) on or before December 15, 2023.

In August 2023, the Company gave notice to the optionor to terminate the agreement and recorded an impairment charge of \$106,750.

## **HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **5. EXPLORATION AND EVALUATION ASSETS – (cont'd)**

On September 28, 2023, the Company entered into an agreement to settle the Obligation with the Optionor as follows: (i) make a cash payment of \$4,200 to keep certain of the mineral claims in good standing, (ii) issue 600,000 (6,000,000 pre-consolidated) common shares which are subject to resale restrictions of 150,000 (1,500,000 pre-consolidated) common shares (25%) that may be sold after the four month hold period and an additional 25% may be sold every four months thereafter with the last 25% 16 months from the date of issuance; and (iii) issue to the optionor additional common shares of the Company equal to 9.9% of any common shares the Company issues for non-cash consideration within a period of twelve months from October 12, 2023 (the “Contingent Shares”). During the year ended December 31, 2023, the Company recognized the Obligation as a termination fee. The Company estimated the fair value of the 600,000 (6,000,000 pre-consolidated) common shares to be issued to the optionor at \$77,000 based on the trading price of the shares on the date of issuance of \$0.30 (\$0.03 pre-consolidated) per share (October 19, 2023), discounted by the put option, calculated using the Black-Scholes option-pricing valuation model with the following assumptions – Share price on date of grant of \$0.30 (\$0.03 pre-consolidated), Risk-free interest rate of 4.77%, Dividend yield of 0%, forfeiture rate of 0% and Expected volatility of 254% to 312%, for the length of the hold period. Accordingly, there is a remaining termination liability of \$648,000. The Company determined that the Contingent Shares did not meet the criteria for equity under IAS 32 Financial Instruments: presentation and were recognized as a non-derivative liability.

### **6. SHARE CAPITAL**

#### **(a) Authorized**

Unlimited common shares with no par value.

#### **(b) Issued**

There were no shares issued during the six months ended June 30, 2024.

During the year ended December 31, 2023:

On May 2, 2023, pursuant to the terms of the property option agreement, the Company issued 25,000 (250,000 pre-consolidated) common shares fair valued at \$6,250.

On May 30, 2023, the Company issued 487,450 (4,874,504 pre-consolidated) common shares to settle \$231,752 in debts with former directors, officers, and a consultant of the Company, resulting in a gain on debt settlements of \$158,634.

On October 19, 2023, pursuant to the Idaho property obligation settlement agreement, the Company issued 600,000 (6,000,000 pre-consolidated) common shares fair valued at \$77,000.

## HARDCORE DISCOVERIES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

### 6. SHARE CAPITAL – (cont'd)

#### (c) Share Purchase Warrants

The changes in share purchase warrants were as follows:

	June 30, 2024	Weighted Average Exercise Price	December 31, 2023	Weighted Average Exercise Price
Balance, beginning of period	351,821	\$0.90	537,421	\$2.32
Expired	(351,821)	0.90	(185,600)	5.00
Balance, end of period	-	-	351,821	\$0.90

#### (d) Stock Options

The Company adopted a stock option plan under which it is authorized to grant options and restricted share units to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

There were no stock options granted during the six months ended June 30, 2024 and for the year ended December 31, 2023.

On April 22, 2022, the Company granted 360,000 stock options to directors of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at \$0.05 per share expiring on April 20, 2024. The stock option vest at 50% on August 22, 2022 and 50% on April 22, 2023. The fair value of the stock option of \$9,577 was determined using the Black-Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.05, Risk-free interest rate of 2.50%, Dividend yield of 0%, Expected life of 2 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the six months ended June 30, 2024, the Company recorded \$Nil (June 30, 2023 - \$1,470) in share-based payments.

On October 27, 2020, the Company granted 510,000 stock options to directors and officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.93 per share expiring on October 27, 2025. The stock option vest as follows: 97,500 stock options on the date of grant, 153,000 stock options on October 27, 2021, 185,500 stock options on October 27, 2022 and 74,000 stock options on October 27, 2023. The fair value of the stock options of \$351,900 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.93; Risk-free interest rate of 0.36%; Dividend yield of 0%; Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the six months ended June 30, 2024, the Company recorded \$Nil (June 30, 2023 - \$8,479) in share-based payments.

**HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**6. SHARE CAPITAL – (cont'd)****(d) Stock Options – (cont'd)**

The changes in stock options were as follows:

	<b>June 30, 2024</b>	<b>Weighted Average Exercise Price</b>	<b>December 31, 2023</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	9,500	\$3.80	261,750	\$2.91
Forfeited	-	-	(252,250)	2.88
Balance, end of period	9,500	\$3.80	9,500	\$3.80

As at June 30, 2024, the Company had 9,500 stock options outstanding as follows:

<b>Number of Stock Options</b>	<b>Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Life</b>
9,500	9,500	\$3.80	March 16, 2025	0.71 years

**(e) Restricted Share Unit**

On April 30, 2024, the Company granted 590,000 RSUs to directors, officers and consultants of the Company that vested on the date of grant. During the six months June 30, 2024, the Company recognized \$106,200 (June 30, 2023 - \$Nil) as share-based payment, and as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. As at June 30, 2024 these shares have not been issued.

**HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	For the six months ended	
	June 30,	
	2024	2023
Consulting fees (reversal)		
Enermetal Ventures Inc., controlled by Patrick Morris, CEO and Director	\$ 60,000	\$ -
Grant Hendrickson, Former Director	-	35,000
Hugh Maddin, Former Director	-	36,000
Uranbileg Yondon, Former Director	-	(8,450)
	60,000	62,550
General exploration costs		
Uranbileg Yondon, Former Director	-	16,240
Share-based payments		
Patrick Morris, CEO and Director	45,000	-
Jasmine Cherian, CFO	5,400	-
Abbey Olaiya, Director	5,400	-
Mark Luchinski, Director	5,400	-
Hugh Maddin, Former Director	-	3,541
	61,200	3,541
	\$ 121,200	\$ 82,331

## **HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **7. RELATED PARTY TRANSACTIONS AND BALANCES – (cont'd)**

Included in accounts payable and accrued liabilities at June 30, 2024 is \$82,450 (December 31, 2023 – \$40,450) owed to a company controlled by the CEO, and the former directors of the Company for unpaid consulting fees and expense reimbursements. These amounts are non-interest bearing, unsecured and payable on demand.

On May 30, 2023, the Company issued 4,874,504 common shares to debt settle \$224,828 in debts with former directors and officers of the Company, resulting in a gain on debt settlement of \$151,710.

#### Due to related parties

As at June 30, 2024, due to related parties included \$149,813 (December 31, 2023 - \$149,813) owing to a former director of the Company for advances on working capital. This amount is non-interest bearing, unsecured and payable on demand.

As at June 30, 2024, due to related parties included \$Nil (December 31, 2023 - \$3,227) due to Earthwise Minerals Corp., a company having common directors and officers. These amounts are non-interest bearing, unsecured and payable on demand. During the six months ended June 30, 2024, this amount has been repaid.

As at June 30, 2024, due to related parties included \$4,200 (December 31, 2023 - \$200) due to the CEO in unpaid expense reimbursement. These amounts are non-interest bearing, unsecured and payable on demand.

### **8. NOTE PAYABLE**

On December 1, 2023, the Company issued a promissory note for proceeds of \$15,000 to Amalfi Corporate Services Ltd. The promissory note is unsecured, non-interest bearing and is due on or before September 1, 2024.

### **9. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management from the year ended December 31, 2023.

## **HARDCORE DISCOVERIES LTD.**

Notes to the Condensed Interim Financial Statements

June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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### **10. FINANCIAL INSTRUMENTS AND RISKS**

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at June 30, 2024 the Company had a working capital deficiency of \$1,455,602 (December 31, 2023 – working capital deficiency of \$1,309,443). The Company plans to raise financing from private placements to meet its current and future obligations.

#### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Interest rate risk**

The Company is not exposed to significant interest rate risk.



## **HARDCORE DISCOVERIES LTD.**

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(Expressed in Canadian Dollars)

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### **10. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**

#### **Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Credit Risk**

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

#### **Fair Values**

The Company's financial instruments include cash and accounts payable and accrued liabilities and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

#### **Fair Value Hierarchy**

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).