

Corcel Exploration Inc.

Unaudited Condensed Interim Financial Statements

For the Three and Six Months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 have been prepared by and are the responsibility of the management of the Company.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Corcel Exploration Inc.Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2023	As at June 30, 2023
	\$ (Unaudited)	\$ (Audited)
<u>Assets</u>		
Current Assets		
Cash	274,542	347,221
Other receivables (Note 4)	4,662	1,547
Total Assets	279,204	348,768
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 5 and 9)	10,612	23,198
Total Liabilities	10,612	23,198
<u>Shareholders' Equity</u>		
Share capital (Note 6)	897,839	847,839
Warrants reserve (Note 8)	-	24,155
Accumulated deficit	(629,247)	(546,424)
Total Shareholders' Equity	268,592	325,570
Total Liabilities and Shareholders' Equity	279,204	348,768

Nature of operations and going concern (Note 1)

Commitments (Note 10)

Contingencies (Note 14)

Approved on behalf of the Board of Directors:"Stephen Dunn"

Stephen Dunn, Director

"Patrick Morton"

Patrick Morton, Director

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

For the Three and Six Months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Three Months ended		Six Months ended	
	December 31,	2022	December 31,	2022
	2023		2023	
	\$	\$	\$	\$
<u>Expenses</u>				
Exploration and evaluation Expenditures (Notes 9 and 10)	-	185	50,000	30,084
Professional fees (Notes 9 and 13)	17,780	22,157	43,810	46,087
General and administrative	370	472	9,489	544
Transfer agent fees	2,108	1,214	3,679	3,132
Net Loss and Comprehensive Loss	(20,258)	(24,028)	(106,978)	(79,847)
Weighted Average Number of Outstanding Shares				
– Basic and Diluted	22,750,000	21,750,000	22,516,304	21,750,000
Net Loss per Share – Basic and Diluted (Note 7)	(0.001)	(0.001)	(0.005)	(0.004)

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

For the Six Months ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Warrants Reserve	Accumulated Deficit	Total
	#	\$	\$	\$	\$
Balance, June 30, 2022	21,750,000	847,839	24,155	(430,306)	441,688
Net loss and comprehensive loss for the period	-	-	-	(79,847)	(79,847)
Balance, December 31, 2022	21,750,000	847,839	24,155	(510,153)	361,841
Balance, June 30, 2023	21,750,000	847,839	24,155	(546,424)	325,570
Issuance of shares for property acquisition (Notes 6 and 10)	1,000,000	50,000	-	-	50,000
Expiry of warrants (Note 8)	-	-	(24,155)	24,155	-
Net loss and comprehensive loss for the period	-	-	-	(106,978)	(106,978)
Balance, December 31, 2023	22,750,000	897,839	-	(629,247)	68,592

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Cash Flows
For the Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
<u>Operating Activities</u>		
Net loss for the period	(106,978)	(79,847)
Adjustments for non-cash items:		
Shares issued for property acquisition (Notes 8 and 10)	50,000	-
	(56,978)	(79,847)
Net change in non-cash working capital items:		
Other receivables	(3,115)	(5,757)
Accounts payable and accrued liabilities	(12,586)	(19,307)
Cash Flows (used in) Operating Activities	(72,679)	(104,911)
Decrease increase in cash	(72,679)	(104,911)
Cash, beginning of period	347,221	470,801
Cash, end of period	274,542	365,890

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

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Corcel Exploration Inc. (“Corcel” or the “Company”) was incorporated under the laws of the Province of British Columbia, Canada, on July 21, 2020. The Company was formed to engage in the business of acquiring, exploring, and evaluating mineral resource properties. On December 2, 2021, the Company completed its initial public offering (the “Offering”), and effective December 3, 2021, the Company’s common shares commenced trading under the ticker symbol “CRCL” on the Canadian Securities Exchange. The address of the Company’s corporate office and principal place of business is 335-1632 Dickson Avenue, Kelowna, British Columbia, V1Y 7T2, Canada.

The Company’s mineral resource properties are in the exploration stage and, as a result, the Company currently has no source of operating cash flow. The exploration and development of the Company’s mineral resource properties depend on the ability of the Company to obtain financing.

The Company’s future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The expected primary source of future funds presently available to the Company is through the issuance of common shares. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

Although the Company has taken steps to verify title to the mineral resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration 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, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to 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.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“IAS 34”).

These unaudited condensed interim financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the “Board”) of the Company on January 22, 2024.

(b) Basis of Measurement

These financial statements have been prepared in accordance with IFRS, on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(c) Functional Currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

(d) Significant Accounting Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company's business obligations for at least the next 12 months, after taking into account expected cash flows, capital commitments, future financing and the Company's cash position at period-end.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Income taxes

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses.

Warrants

Warrants are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(d) Significant Accounting Judgments and Estimates (continued)

Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the years ended June 30, 2023 and 2022, unless otherwise noted below.

4. Other Receivables

The Company's other receivables balance represents amounts due from government taxation authorities in respect of the Goods and Services Tax/Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no expected credit losses had been recorded against these receivables, which are due in less than one year.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

	December 31, 2023	June 30, 2023
	\$	\$
Accounts payable	2,612	6,637
Accrued liabilities	8,000	16,561
	10,612	23,198

The Company's standard term for trade payables is 30 to 60 days.

6. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at December 31, 2023 and June 30, 2023 are as follows:

	December 31, 2023	June 30, 2023
	\$	\$
Issued: 22,750,000 common shares		
(June 30, 2023 – 21,750,000 common shares)	897,839	847,839

Share capital transactions for the six months ended December 31, 2023

On August 2, 2023, pursuant to the Amending Agreement (defined hereafter) and in consideration of extending and amending the terms of the Option Agreement (defined hereafter), the Company issued an aggregate of 1,000,000 common shares to the Optionors (defined hereafter). The common shares were measured at a fair value of \$50,000 based on the closing share price on the date of issuance.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

6. Share Capital (continued)

Share capital transactions for the six months ended December 31, 2022

There were no share capital transactions for the six months ended December 31, 2022.

7. Loss per Share

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. For the three and months ended December 31, 2023, the basic and diluted loss per share was \$0.001 and \$0.005, respectively (2022 – net loss of \$0.001 and \$0.004 per share, respectively).

8. Warrants Reserve

In connection with the Offering which closed on December 2, 2021, the Company granted 460,000 Agent's Warrants, with each Agent's Warrant exercisable into one common share at the price of \$0.10 until December 2, 2023. The grant date fair value of the Agent's Warrants issued was estimated to be \$24,155 using Black-Scholes with the following assumptions: expected volatility of 100% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 0.96% and an expected life of two years. On closing, issuance cost of \$24,155 was allocated to warrants reserve.

On December 2, 2023, all 460,000 Agent's Warrants expired unexercised. Upon expiry, the cost of the Agent's Warrants was allocated from warrants reserve to accumulated deficit.

9. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of members of key management personnel during the three and six months ended December 31, 2023 and 2022 were as follows:

	Three Months ended December 31,		Six Months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Professional fees	9,000	9,000	18,000	18,000
	9,000	9,000	18,000	18,000

During the three and six months ended December 31, 2023, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged fees of \$9,000 and \$18,000, respectively (2022 – \$9,000 and \$18,000, respectively), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at December 31, 2023, no balance was owed to Branson (June 30, 2023 – \$3,150 included in accounts payable and accrued liabilities).

During the six months ended December 31, 2023, pursuant to the Amending Agreement and in consideration of extending and amending the terms of the Option Agreement, the Company issued an aggregate of 1,000,000 common shares to the Optionors, of which 500,000 common shares were issued to a director of Corcel.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
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(Expressed in Canadian Dollars)

10. Exploration and Evaluation Expenditures

On August 4, 2020, the Company entered into an option agreement (the “Option Agreement”) with two individual vendors (the “Optionors”) to acquire a 100% interest in the Peak Mineral Property (the “Peak Property”) located in the Province of British Columbia, in exchange for 1,000,000 common shares of the Company with a fair value of \$20,000 based on the price of the most recent private placement financing at the time.

Pursuant to the Option Agreement, the Company is required to spend \$250,000 in exploration on the Peak Property:

- (i) \$100,000 by December 31, 2020 (completed); and
- (ii) \$150,000 by July 20, 2023.

A 2% royalty on net smelter returns (“NSR”) from all production by the Company at the Peak Property will be payable. The Company may purchase one-half (1/2) of the NSR for \$1,000,000 at any time prior to specified milestones for commercial production.

On July 20, 2023, the Company reached a binding agreement (the “Amending Agreement”) with the Optionors, to extend and amend the terms of the Option Agreement relating to the Peak Property, to provide that the Company may complete the exercise of the option by incurring the exploration expenses required for the second milestone before July 20, 2024.

On August 2, 2023, pursuant to the Amending Agreement and in consideration of extending and amending the terms of the Option Agreement, the Company issued an aggregate of 1,000,000 common shares to the Optionors.

During the three and six months ended December 31, 2023 and 2022, the Company’s exploration and evaluation (“E&E”) expenditures are comprised of the following:

	Three Months ended December 31,		Six Months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Property acquisition costs	-	-	50,000	-
Field program	-	-	-	29,899
Claim registration	-	185	-	185
	-	185	50,000	30,084

11. Capital Management

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

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 Company’s capital management objectives, policies and processes have remained unchanged since the Company’s most recent financial reporting period.

The Company is not subject to any externally imposed capital requirements.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

12. Financial Instruments

The Company's financial instruments consist primarily of cash, and accounts payable and accrued liabilities. The Company is exposed to various risks as it relates to these financial instruments. Management, under oversight of the Board, mitigates these risks by assessing and monitoring the Company's risk management processes. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a reputable Canadian chartered bank, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2023, the Company had a cash balance of \$274,542 (June 30, 2023 – \$347,221) to settle current liabilities of \$10,612 (June 30, 2023 – \$23,198).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at December 31, 2023:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	10,612	10,612	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at December 31, 2023.

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 at December 31, 2023, the Company had no financial instruments which are interest-bearing, and had no hedging agreements in place with respect to floating interest rates. Management believes that the interest rate risk concentration with respect to financial instruments is minimal.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company's operations are based in Canada, but may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management does not anticipate a high volume of transactions to be denominated in foreign currencies and believes that the foreign exchange risk remains minimal.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements
For the Three and Six Months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

12. Financial Instruments (continued)

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in 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 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2023, the Company's financial instruments consisted of cash, and accounts payable and accrued liabilities. The fair value of cash and accounts payables and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

13. Professional Fees

During the three and six months ended December 31, 2023 and 2022, the Company's professional fees are comprised of the following:

	Three Months ended December 31,		Six Months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Audit and accounting expenses	14,548	15,520	31,476	33,146
General legal expenses	3,232	6,637	12,334	12,941
	17,780	22,157	43,810	46,087

14. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at the date hereof, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.