QNB METALS INC

Unaudited Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Three Months ended July 31, 2022

QNB METALS INC

Unaudited Condensed Interim Statement of Financial Position for the 3 Months ended July 31, 2022

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QNB METALS INC

Unaudited Condensed Interim Statement of Financial Position

(Expressed in Canadian Dollars)
As at

	July 31, 2022	April 30, 2022
	$	**$**
Assets		
Current:		
Cash	112,986	233,045
Sales tax receivable	23,731	12,924
Prepaid expenses	3,125	6,250
Advance to related party	22,000	-
	161,842	252,219
Total assets	161,842	252,219
Liabilities		
Current:		
Trade accounts payable and accrued liabilities	34,049	56,892
Payable to a related company (Note 10)	48,889	48,889
Total liabilities	82,937	105,781
Shareholders' equity		
Share capital (note 7)	708,511	708,511
Warrant reserve	107,308	107,308
Deficit	(736,915)	(669,381)
Total shareholders' equity	78,904	146,438
Total liabilities and shareholders' equity	161,842	252,219

Basis of presentation and going concern (Note 2)
On behalf of the Board of Directors,

(S) Stéphane Leblanc	(S) Michel Gagnon
Chief Executive Officer/Director	Director

The accompanying notes are an integral part of these financial statements

QNB METALS INC

Unaudited Condensed Interim Statement of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the three months ended

	July 31, 2022	July 31, 2021
	$	$
Expenses		
Management fees (Note 10)	41,001	-
Professional fees (Note 10)	18,384	5,000
Filing and other statutory fees	4,709	-
Insurance	3,125	-
Other Administrative Expenses	345	-
Net Loss and Comprehensive Loss for the period	67,534	5,000
Loss per share		
Basic and diluted loss per share	0.01	0.90
Weighted average number of common shares outstanding	9,299,961	5,535

The accompanying notes are an integral part of these financial statements

QNB METALS INC

Unaudited Condensed Interim Statement of Changes in Shareholder's Equity

(Expressed in Canadian Dollars)

	No of Shares	***Share capital***	***Warrants***	***Deficit***	***Total equity***
		$	***$***	***$***	***$***
Balance at April 30, 2021	**100**	**1**	**-**	**(14,022)**	**(14,021)**
Net loss and comprehensive loss for the period	-	-	-	(5,000)	(5,000)
Issuance of units (Note 8)	5,000,000	326,133	**155,596**	**-**	481,729
Balance at July 31, 2021	**5,000,100**	**326,134**	**155,596**	**(19,022)**	**462,708**
Balance at April 30, 2021	9,299,961	708,511	107,308	(669,381)	146,438
Net loss and comprehensive loss for the 3 months ended July 31 2022	-	-	-	**(67,534)**	**(67,534)**
Balance at July 31, 2022	**9,299,961**	**708,511**	**107,308**	**(736,915)**	**78,904**

The accompanying notes are an integral part of these financial statements

QNB METALS INC

Unaudited Condensed Interim Statement of Cash Flows

(Expressed in Canadian Dollars)

For the 3 months ended

	July 31, 2022	July 31, 2021
	$	$
Operating activity:		
Net loss:	-67,534	5,000
Operating Activity before change in non-cash and working Capital items	-67,534	5,000
Change in sales tax receivable	-10,807	
Change in prepaid expenses	3,125	
Change in advance to related party	22,000	
Change in trade accounts payable and accrued liabilities	-22,843	-5,000
Cash flows from Operating activities	**-120,059**	**0**
Financing Activity:		
Shares issued for cash (Net of Share Issuance costs)		1
Cash flows from Financing activities	0	1
Net change in cash for the period	**-120,059**	**1**
Cash, beginning of the period	**233,045**	
Cash, end of the period	**112,986**	**1**

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

1. Statement of incorporation and nature of activities

QNB Metals Inc. (the "Company") was incorporated under the Canada Business Corporations Act on October 19, 2020. The Company served as the target company for certain assets that were to be spun out from Canadian Metals Inc. ("CME"). The address of its head office, which is also the main establishment, is located at 866 3e Avenue, Val-d'Or, Quebec, Canada, J9P 1T1. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "TIM".

CME has also completed a Plan of Arrangement under the Canada Business Corporations Act with the Company, whereby CME's Lac La Chesnaye Property was spun out to the Company in accordance with the Plan of Arrangement. (Refer Note 7)

2. Basis of presentation and going concern

Statement of compliance and going concern

These financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors.

The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

	3 months ended July 31, 2022	Year ended April 30, 2022
	$	$
Net Loss and Comprehensive Loss for the period	**67,534**	**655,359**
Deficit	**(736,915)**	**(669,381)**
Working Capital Surplus / (Deficiency)	**78,904**	**146,438**

Although the Company was able to raise $471,818 (net) during the year ended April 30, 2022, there still exist material uncertainties that cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material. Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months from the date of the financial position.

2. Basis of presentation (Continued)

Coronavirus ("COVID-19")

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Approval of financial statements

These financial statements were approved for issuance by the Board of Directors on September 29, 2022.

3. Significant accounting policies

The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.
The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. While, all its exploration claims are located in Quebec, Canada, the Corporation expenses all acquisition costs of mineral properties and exploration expenses as incurred. (refer Note 4).

Financial instruments

a) Classification:

Financial Assets/Liabilities	Classification
Cash	Financial asset at amortized cost
Trade accounts payable and accrued liabilities	Financial liabilities at amortized cost
Payable to a related company	Financial liabilities at amortized cost

3. Significant accounting policies (Continued)

Financial instruments (Continued)

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

b) Measurement:

Financial assets and liabilities at amortized cost:
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment for a financial asset.

Financial assets and liabilities at FVTPL:
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss and comprehensive loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant accounting policies (Continued)

Equity

Share capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the price of the most recent share issue of the Company or, after the Company being listed, their fair value according to the quoted price on the date of the conclusion of the agreement.

Unit placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of shares using the Black- Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

Other elements of equity

<u>Warrants</u>

Warrants that have been issued in combination with common shares are accounted for under IAS 32, Financial instruments: Presentation. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed amount of shares.
In calculating the value of warrants, the Company used the Black Scholes option model which incorporates the following inputs: the Company's stock price, expected life of the warrant, volatility of the stock price of comparable publicly listed companies, dividend yield and the risk-free interest rate.
Warrants include fair value of allocated to warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

Basic and diluted loss per share

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options warrants and restricted share units. When a loss is incurred during a period, basic and diluted loss per share are the same because the exercise of share equivalents is then considered to be anti-dilutive.

Accounting standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

3. Significant accounting policies (Continued)

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.

4. Changes in accounting policies

Exploration and evaluation expenditures and exploration and evaluation asset

The Company followed the following policy until January 31, 2022:

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it hold an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

However, with effect from February 1, 2022 the Company changed its Policy to give effect to the following with effect from May 1, 2021:

The Corporation expenses all acquisition costs of mineral properties and exploration expenses as incurred. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

The impact of the change in accounting policy on the financial statements is Nil ($344,000 for the Year ended April 30, 2022).

5. Judgments, estimates and assumptions

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information become available.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to note 2 for further information

Estimation uncertainty

Share-based payments and warrant valuation

The estimation of share-based payment costs and measurement of warrant value of issuance requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black Scholes valuation model. For the significant inputs in the Black Scholes option pricing model, management made the following assumptions:

5. Judgments, estimates and assumptions (Continued from previous page)

- Underlying stock price: Set the stock price based on the equity offering from non-brokered private placements at or near the grant date of the options.
- Underlying stock price volatility: Based on historical data of comparable publicly traded companies in the mining industry.
- Expected life: Given the limited history of the stock option plan and the Company, assumptions are required to be made for expected life and forfeitures.

6. Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	July 31, 2022	**April 30, 2022**
	$	**$**
Bank balance	112,986	233,045
	233,045	**233,045**

7. Share Capital

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

As at April 30, 2021, the Company issued 100 common shares at a price of $0.01

On July 30, 2021, the Company completed a private placement of 5,000,000 units at a price of $0.10 per unit. Each unit comprised one share and one-half warrant. The Company paid a finder's fee of $18,270 and issued 182,700 warrants in connection with this private placement valued at $7,308 were recorded as share issuance costs. Additionally, $9,911 incurred towards legal expenses were recorded as share issuance costs.

On September 9, 2021, the Canadian Metals Inc. spun out its Lac La Chesnaye Property located in Quebec in exchange of 4,299,961 common shares of QNB Metals Inc., for a fair value of $344,000. Consequent to the spin-off, the Company cancelled the shares issued to Canadian Metals Inc..

Of the above, 2,283,666 were originally held in escrow as part of the listing requirements. $1/10^{th}$ of the escrow securities were to be released on the listing date, $1/6^{th}$ of the remaining escrow securities 6 months after the listing date, $1/5^{th}$ of the remaining escrow securities 12 months after the listing date, $1/4^{th}$ of the remaining escrow securities 18 months after listing date, $1/3^{rd}$ of the remaining escrow securities 24 months after the listing date, 1/2th of the remaining escrow securities 30 months after listing date, and the remaining of the escrow securities 36 months after the listing date. As at July 31, 2022, 1,712,749 shares we held in escrow.

c) Warrants:

Pursuant to the private placement in July 2021, the Company issued 2,500,000 warrants (note 7(b)). Each warrant is exercisable into one common share at a price of $0.18 and shall expire in 2 years.

During July 2021, the Company issued 182,700 warrants as finder's fee (note 7(b)). Each warrant is exercisable into one common share at a price of $0.18 and shall expire in 2 years.

Details of common share purchase warrants outstanding are as follows:

	July 31, 2022		April 30, 2021	
	Number of Warrants Nos	Weighted average exercise price $	Number of Warrants Nos	Weighted average exercise price $
Outstanding - beginning of period	2,682,700	0.18	-	-
Granted	-	-	2,682,700	0.18
Cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding - end of period	2,682,700	0.18	2,682,700	0.18

7. Share Capital (Continued from previous page)

c) Warrants (Continued)

As at July 31, 2022, the following share purchase warrants were outstanding:

	April 30, 2022		April 30, 2022	
Expiry date	Number of Warrants Nos	Exercise price $	Number of Warrants Nos	Exercise price $
July 2023	2,682,700	0.18	2,682,700	0.18

The fair value of one warrant at the date of the closing was estimated at $0.04 using the Black Scholes option pricing model based on the following key assumptions:

Warrants Reserve	3 months ended July 31, 2022
Share Price	$0.08
Exercise Price	$0.18
Expected Life	2 years
Dividend Yield	Nil
Volatility	141.31%
Risk Free Interest Rate	0.18%
Fair Value	0.04

8. Exploration and evaluation (E&E) expenses

Lac La Chesnaye property

The property covers a total area of 448 hectares and comprises of 8 claims that are in the process of being granted and one claim that was previously acquired from SiO2 Canada Ltd. These claims were 100% held by Canadian Metals Inc before being transferred to the Company. On September 9, 2021, the Canadian Metals Inc. spun out its Lac La Chesnaye Property located in Quebec in exchange for 4,299,961 common shares of QNB Metals Inc., for a fair value of $344,000. The fair value of the shares issued was determined by reference to the recently completed financing (note 7(b)).”

9. Loss per share

Loss per share has been calculated using the weighted average number of common shares outstanding for the 3 months ended July 31, 2022 is as follows:

	3 months ended July 31, 2022 $	Year ended April 30, 2022 $
Net loss for the year attributable to shareholders	**67,534**	655,359
Weighted average number of common shares outstanding	**9,299,961**	6,498,367
Basic and diluted loss per share	**0.01**	0.10

10. Related Party Transaction

Transactions with key management

Key management personnel ("KMP")of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer and the Chief Financial Officer.

The remuneration of key management personnel includes the following expenses:

	July 31, 2022 **$**
President and chief executive officer	33,000
Chief financial officer	8,001

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

As at July 31, 2022, the amounts receivable from President and chief executive officer amounted to $22,000 (April 30, 2022: Nil)

As at July 31, 2022, trade accounts payable and accrued liabilities include $nil payable to KMP.

Professional fees expensed to a legal firm which employs a director amounted to $5,584. The amounts owed by the Company to this firm amounts to $3,291 as at July 31, 2022 (April 30, 2022: $13,716).

As at July 31, 2022, the extent pf expenditures paid by Canadian Metals Inc., a company having common shareholders and directors, were $48,889 (April 30, 2022: $48,889).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

10. Financial assets and liabilities

The carrying amounts and fair value of financial instruments presented in the statement of financial position are as follows:

	As at July 31, 2022		As at April 30, 2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash	**112,986**	**112,986**	233,045	233,045
Advance to related party	**22,000**	**22,000**	-	-
Financial liabilities				
Trade accounts payable and accrued liabilities	**34,049**	**34,049**	56,892	56,892
Payable to group company	**48,889**	**48,889**	48,889	48,889

The carrying value of cash, trade accounts payable, accrued liabilities and payable to a related company is considered to be a reasonable expectation of fair value because of the short-term maturity of these instruments.

11. Financial risks

The Company is exposed to various risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.
The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk
Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash and cash equivalents and receivable from a related party at the reporting date for the aggregate amounts of $134,986 at July 31, 2022 (April 30, 2022: $233,045). The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent and the cash held in trust is accessible as and when required.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liabilities aggregates to $82,938 at July 31, 2022 (April 30, 2022: $105,780). The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

12. Subsequent events

In June 2022, the company announced that it entered into an arm's length binding letter of intent (the "LOI") dated June 17, 2022 with Analog Gold Inc. ("Analog"), with respect to a proposed transaction (the "Proposed Transaction"), whereby QNB Metals will acquire a 100% interest in Minagoldchoix SA de CV, Analog's 99.97% owned Mexican subsidiary, which owns the Tres Oros gold property and two other properties.

On September 23, 2022 the Company and Analog Gold Inc. mutually agreed to terminate the previously announced LOI in accordance with the terms of the LOI.