

# **RUMBLE RESOURCES INC.**

Interim Financial Statements

For the Six Months Ended January 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

**The accompanying unaudited interim financial statements have been prepared by Management of Rumble Resources Inc. and have not been reviewed by the Company's auditors.**

**RUMBLE RESOURCES INC.**

Interim Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	January 31, 2024 \$	July 31, 2023 \$
<b>ASSETS</b>		
Current assets		
Cash	104,491	98,137
Taxes recoverable	11,284	4,357
Prepaid expenses	–	30,000
Total current assets	115,775	132,494
Exploration and evaluation assets (Note 3)	100,000	100,000
Total assets	215,775	232,494
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	41,584	50,495
Due to related party (Note 4)	13,319	14,725
Note payable to related party (Note 4)	–	5,000
Total liabilities	54,903	70,220
Shareholders' equity		
Share capital (Note 5)	474,184	363,610
Equity reserve (Note 6)	90,460	76,651
Deficit	(403,772)	(277,987)
Total shareholders' equity	160,872	162,274
Total liabilities and shareholders' equity	215,775	232,494

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on March 21, 2024:

/s/ "Brian Goss"  
Brian Goss, Director

/s/ "Erwin Wong"  
Erwin Wong, Director

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

**RUMBLE RESOURCES INC.**

Interim Statements of Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	For the three months ended January 31, 2024 \$	For the three months ended January 31, 2023 \$	For the six months ended January 31, 2024 \$	For the six months ended January 31, 2023 \$
Expenses				
Consulting fees (Note 4)	7,500	4,500	15,000	9,000
General and administrative	1,530	1,812	5,791	3,335
Listing expense (Note 5)	–	–	66,012	–
Professional fees	6,868	20,479	28,077	22,479
Share-based compensation (Note 4 and 6)	–	2,768	818	9,782
Transfer agent and filing fees	2,947	753	10,087	1,229
<b>Total expenses</b>	<b>18,845</b>	<b>30,312</b>	<b>125,785</b>	<b>45,825</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(18,845)</b>	<b>(30,312)</b>	<b>(125,785)</b>	<b>(45,825)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.00)</b>	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.02)</b>
Weighted average shares outstanding, basic and diluted	8,927,000	2,000,000	8,589,500	2,000,000

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

**RUMBLE RESOURCES INC.**

Interim Statements of Changes in Equity  
(Expressed in Canadian Dollars)  
(Unaudited)

	Share capital		Equity reserve \$	Special warrants \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, July 31, 2022	2,000,000	100,000	61,307	251,450	(199,428)	213,329
Share-based compensation	–	–	9,782	–	–	9,782
Net loss for the period	–	–	–	–	(45,825)	(45,825)
Balance, January 31, 2023	2,000,000	100,000	71,089	251,450	(245,253)	177,286
Balance, July 31, 2023	7,202,000	363,610	76,651	–	(277,987)	162,274
Common shares issued for cash	1,725,000	172,500	–	–	–	172,500
Share issuance costs	–	(61,926)	12,991	–	–	(48,935)
Share-based compensation	–	–	818	–	–	818
Net loss for the period	–	–	–	–	(125,785)	(125,785)
Balance, January 31, 2024	8,927,000	474,184	90,460	–	(403,772)	160,872

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

**RUMBLE RESOURCES INC.**

Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	For the six months ended January 31, 2024 \$	For the six months ended January 31, 2023 \$
Operating activities		
Net loss for the period	(125,785)	(45,825)
Items not involving cash:		
Share-based compensation	818	9,782
Changes in non-cash operating working capital:		
Taxes recoverable	(6,927)	(3,902)
Prepaid expenses	30,000	294
Accounts payable and accrued liabilities	(8,911)	9,788
Due to related party	(1,406)	8,768
Net cash used in operating activities	(112,211)	(21,095)
Financing activities		
Proceeds from issuance of common shares, net	123,565	–
Repayment of note payable to related party	(5,000)	–
Net cash provided by financing activities	118,565	–
Change in cash	6,354	(21,095)
Cash, beginning of period	98,137	204,525
Cash, end of period	104,491	183,430
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash financing activities:		
Fair value of agent's warrants	12,991	–

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

# RUMBLE RESOURCES INC.

Notes to the Interim Financial Statements

January 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

## 1. Nature of Operations and Continuance of Business

Rumble Resources Inc. (formerly Rumble Capital Corp.) (the “Company”), was incorporated under the laws of British Columbia, Canada on June 23, 2017, and on December 14, 2020, the name was changed to Rumble Resources Inc. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. On September 5, 2023, the Company’s shares became listed and commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “RB”. The Company’s registered office is 741 Harbourfront Drive N.E., Salmon Arm, British Columbia, V1E 3L4.

These interim financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at January 31, 2024, the Company has not generated any revenue and has accumulated losses of \$403,772 since inception. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. Summary of Significant Accounting Policies

### (a) Statement of Compliance and Basis of Presentation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2023, which have been prepared in accordance with IFRS as issued by IASB. The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended July 31, 2023.

These interim financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, which is the Company’s functional currency.

### (b) Use of Estimates and Judgments

The preparation of these interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the interim financial statements. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## RUMBLE RESOURCES INC.

Notes to the Interim Financial Statements

January 31, 2024

(Expressed in Canadian Dollars)

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### 2. Summary of Significant Accounting Policies (continued)

#### (b) Use of Estimates and Judgments (continued)

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### (c) Recently Adopted Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's interim financial statements.

### 3. Exploration and Evaluation Assets

*Mineral property acquisition costs:*

	Woolford Creek Property \$
<u>Balance, July 31, 2023 and January 31, 2024</u>	<u>100,000</u>

#### Woolford Creek Property

On October 15, 2020, as amended, the Company entered into a Mineral Property Option Agreement (the "Agreement"), whereby the Company was granted an option to acquire a 100% interest in 8 mining claims located in the Adams Lake area of the Kamloops Mining Division, British Columbia, covering 4,414 hectares (the "Woolford Creek Property"). Pursuant to the Agreement, the Company must make the following payments and expenditures in order to keep the option in good standing:

- i) \$35,000 upon execution of the Agreement (paid);
- ii) Issuance of 250,000 common shares after the date that the British Columbia Securities Commission issues a final receipt for the Company's initial public offering prospectus (issued at a fair value of \$25,000);
- iii) \$40,000 within four months of execution of the Agreement (paid);
- iv) Fund exploration and development work on the Property of at least \$100,000 by June 30, 2024; and
- v) Fund exploration and development work on the Property of at least an additional \$200,000 by June 30, 2025.

Once the above payments have been made, the Company can exercise the option and acquire 100% of the right, title and interest in the Woolford Creek Property. The Agreement may be terminated, and the transactions contemplated by the Agreement may be abandoned, at any time prior to the closing date by written agreement of the vendor and the Company upon the failing of the Company to make the required payments. The vendor shall retain a 2% net smelter royalty (subject to an optional repurchase of 1% of the NSR by the Company for \$1,000,000) in respect of all products produced from the property.

## RUMBLE RESOURCES INC.

Notes to the Interim Financial Statements

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(Expressed in Canadian Dollars)

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### 4. Related Party Transactions

During the six months ended January 31, 2024, the Company incurred consulting fees of \$15,000 (2023 – \$9,000) to a director of the Company. As at January 31, 2024, the Company owed \$13,319 (July 31, 2023 – \$14,725) to a director of the Company. The amounts are non-interest bearing, unsecured and due on demand.

During the six months ended January 31, 2024, the Company recognized share-based compensation of \$818 (2023 – \$9,782) for officers and directors of the Company.

On April 6, 2023, the Company entered into a promissory note agreement for \$5,000 with a director of the Company, which was unsecured, non-interest bearing and due on demand any time after June 15, 2024. The Company repaid the promissory note on August 1, 2023.

### 5. Share Capital

Authorized: Unlimited common shares without par value.

On September 5, 2023, the Company completed its initial public offering (the "IPO") and issued 1,725,000 common shares at \$0.10 per share for gross proceeds of \$172,500. In connection with the IPO, the Company paid a corporate finance fee of \$21,000, an agent's commission of \$17,250, other offering costs of \$10,685, and issued 172,500 agent's warrants with a fair value of \$12,991. Each agent warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per share until September 5, 2025. In connection with the listing of the Company's common shares, the Company also incurred a total of \$66,012 of listing expenses.

#### Escrow shares

The Company has 1,800,000 common shares held in escrow as at January 31, 2024 (July 31, 2023 – 2,000,000), which will be released in stages every six months until September 5, 2026. During the six months ended January 31, 2024, a total of 200,000 common shares of the Company were released from escrow.

### 6. Stock Options

The Company's Board of Directors approved a stock incentive plan dated May 19, 2021. The Board of directors is authorized to grant options to directors, officers, and employees to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price will not be less than the discounted market price defined in the policies of the CSE. The options that may be granted under this plan must be exercisable for over a period of not exceeding ten years, provided the Company is listed on the Exchange.

The following table summarizes information about the stock options at January 31, 2024, and the changes for the period then ended:

	Number of options	Weighted average exercise price \$
Options outstanding – July 31, 2023, and January 31, 2024	800,000	0.10
Options exercisable – July 31, 2023, and January 31, 2024	800,000	0.10

The following table summarizes information about stock options outstanding and exercisable at January 31, 2024:

Exercise price \$	Expiry date	Stock options outstanding	Weighted average remaining contracted life (years)
0.10	September 5, 2033	800,000	9.60



## RUMBLE RESOURCES INC.

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### 6. Stock Options (continued)

The grant date fair value of stock options was determined using the Black-Scholes Option Pricing Model. During the six months ended January 31, 2024, the Company recognized share-based compensation expense of \$818 (2023 – \$9,782) in equity reserves, which pertains to officers and directors of the Company, for the portion of the stock options vested. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2024	2023
Risk-free interest rate	1.58%	1.58%
Dividend yield	0%	0%
Expected volatility	134%	134%
Expected forfeitures	0%	0%
Expected life (years)	10	10

#### *Equity reserve*

The equity reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### 7. Warrants

The following table summarizes information about the warrants at January 31, 2024, and the changes for the period ended:

	Number of warrants	Weighted average exercise price \$
Warrants outstanding – July 31, 2023	4,875,000	0.10
Issued	172,500	0.10
Warrants outstanding – January 31, 2024	5,047,500	0.10

The Company uses the Black-Scholes valuation model to value agent's warrants. Weighted average assumptions used in calculating the fair value of agent's warrants are as follows:

	2024	2023
Risk-free interest rate	4.66%	–
Dividend yield	0%	–
Expected volatility	159.63%	–
Expected forfeitures	0%	–
Expected life (years)	2	–
Weighted average fair value per warrant	\$ 0.08	–

The following table summarizes information about warrants outstanding and exercisable at January 31, 2024:

Exercise price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.10	September 5, 2025	172,500	1.60
0.10	September 5, 2028	4,875,000	4.60

## **RUMBLE RESOURCES INC.**

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### **8. Financial Instruments**

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable, due to related party, and note payable to related party. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

#### **(a) Fair Values**

The Company classifies cash, accounts payable, due to related party and note payable to related party as amortized cost. The fair values of financial instruments, which include cash, accounts payable, due to related party, and note payable to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### **(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. The carrying amount of financial assets represents the maximum credit exposure.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

#### **(d) Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have significant exposure to these risks.

### **9. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and equity reserve. The Company manages its capital structure and makes adjustments to it in light of changes to economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

### **10. Segment Reporting**

The Company operates in a single reportable segment, which is the acquisition, exploration and development of exploration and evaluation assets in Canada.