

QUESTCORP MINING INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JANUARY 31, 2024 AND 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

QUESTCORP MINING INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

| | Note | Three months ended January 31, 2024 | Three months ended January 31, 2023 | Six months ended January 31, 2024 | Six months ended January 31, 2023 |
|--|------|---|---|---|---|
| EXPENSES | | | | | |
| Accounting and audit | 6 | \$ 20,350 | \$ 1,000 | \$ 20,350 | \$ 8,000 |
| Consulting fees | 6 | 68,750 | 17,500 | 91,250 | 17,500 |
| Legal | | (7,119) | 26,594 | 3,882 | 26,594 |
| Marketing | | 11,399 | - | 11,399 | - |
| Office and administration | | 9,511 | 600 | 15,780 | 716 |
| Rent | 6 | 3,000 | - | 6,000 | - |
| Shareholder information | | 7,778 | - | 7,778 | - |
| Transfer agent and filing fees | | 6,963 | 66 | 7,463 | 66 |
| Travel | | 20,820 | 1,804 | 33,618 | 1,804 |
| Loss before income taxes | | (141,452) | (47,564) | (197,520) | (54,680) |
| Deferred income tax recovery | | - | 15,000 | - | 15,000 |
| Loss and comprehensive loss for the period | | \$ (141,452) | \$ (32,564) | \$ (197,520) | \$ (39,680) |
| Basic and diluted loss per common share | | \$ (0.01) | \$ (0.00) | \$ (0.01) | \$ (0.00) |
| Weighted average number of common shares outstanding, basic and diluted | | 15,867,391 | 9,215,217 | 14,383,696 | 8,232,611 |

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

QUESTCORP MINING INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

| | Six months ended January 31, 2024 | Six months ended January 31, 2023 |
|--|--|--|
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (197,520) | \$ (39,680) |
| Add (deduct) non-cash items | | |
| Deferred income tax recovery | - | (15,000) |
| Changes in non-cash working capital items: | | |
| Receivables | (4,241) | (3,036) |
| Prepays | (52,500) | (25,000) |
| Accounts payable and accrued liabilities | (26,459) | 16,386 |
| Cash used in operating activities | <u>(280,720)</u> | <u>(66,330)</u> |
| INVESTING ACTIVITIES | | |
| Exploration and evaluation assets | <u>(10,000)</u> | <u>(16,150)</u> |
| Cash used in investing activities | <u>(10,000)</u> | <u>(16,150)</u> |
| FINANCING ACTIVITIES | | |
| Shares issued for cash | 500,000 | 230,500 |
| Share issuance costs | <u>(128,301)</u> | <u>-</u> |
| Cash provided by financing activities | <u>371,699</u> | <u>230,500</u> |
| Change in cash | 80,979 | 148,020 |
| Cash, beginning of period | <u>64,325</u> | <u>32,998</u> |
| Cash, end of period | <u>\$ 145,304</u> | <u>\$ 181,018</u> |

Significant non-cash transactions of the Company during the period ended January 31, 2024:

- a) Issued 100,000 shares at a value of \$10,000 to the agent in relation to the Company's initial public offering.
- b) Issued 500,000 agent's warrants at a value of \$36,154 in relation to the Company's initial public offering.
- c) Issued 2,000,000 common shares at a value of \$110,000 in related to an exploration and evaluation asset.
- d) Included in accounts payable and accrued liabilities is \$19,440 related to share issuance costs.
- e) Included in accounts payable and accrued liabilities is \$500 related to an exploration and evaluation asset.

There were no significant non-cash transactions of the Company for the period ended January 31, 2023.

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

QUESTCORP MINING INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

| | Number of Shares | Share Capital | Share Subscription Received in Advance | Reserves | Deficit | Total |
|---|---------------------|-------------------|---|------------------|---------------------|-------------------|
| Balance, July 31, 2022 | 7,250,000 | \$ 120,250 | \$ 52,000 | \$ - | \$ (54,149) | \$ 118,101 |
| Shares issued | 5,650,000 | 282,500 | (52,000) | - | - | 230,500 |
| Loss for the period | - | - | - | - | (39,680) | (39,680) |
| Balance, January 31, 2023 | 12,900,000 | \$ 402,750 | \$ - | \$ - | \$ (93,829) | \$ 308,921 |
| Balance, July 31, 2023 | 12,900,000 | \$ 402,750 | \$ - | \$ - | \$ (247,345) | \$ 155,405 |
| Shares issued | 5,100,000 | 352,259 | - | - | - | 352,259 |
| Shares issued for exploration and evaluation asset | 2,000,000 | 110,000 | - | - | - | 110,000 |
| Fair value of agent's warrants | - | (36,154) | - | 36,154 | - | - |
| Loss for the period | - | - | - | - | (197,520) | (197,520) |
| Balance, January 31, 2024 | 20,000,000 | \$ 828,855 | \$ - | \$ 36,154 | \$ (444,865) | \$ 420,144 |

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

QUESTCORP MINING INC.

Notes to the Condensed Interim Financial Statements
For the six months ended January 31, 2024 and 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Questcorp Mining Inc. (the “Company”) was incorporated under the laws of British Columbia on April 9, 2021. The head office of the Company is located at Suite 250, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7 and the registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

During the period ended January 31, 2024, the Company completed its initial public offering (Note 5) and its common shares were listed on the Canadian Securities Exchange on December 11, 2023, under the trading symbol QQQ.

These condensed interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at January 31, 2024, the Company had a working capital of \$169,970 (July 31, 2023 – \$22,501) and an accumulated deficit of \$444,865 (July 31, 2023 - \$247,345). These factors cast a significant doubt on the Company’s ability to continue as a going concern. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the periods ended January 31, 2024 and 2023 have been prepared using accounting policies consistent with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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3. MATERIAL ACCOUNTING POLICIES

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

4. EXPLORATION AND EVALUATION ASSETS

| | North Island, BC, Canada | | Total | |
|--|-----------------------------|----------------|-----------|----------------|
| ACQUISITION | | | | |
| Balance, July 31, 2022 and 2023 | \$ | 10,000 | \$ | 10,000 |
| Acquisition costs | | 120,500 | | 120,500 |
| Balance, January 31, 2024 | \$ | 130,500 | \$ | 130,500 |
| EXPLORATION | | | | |
| Balance, July 31, 2022 | \$ | 106,754 | \$ | 106,754 |
| Technical reporting | | 16,150 | | 16,150 |
| Balance, July 31, 2023 | \$ | 122,904 | \$ | 122,904 |
| Cost recoveries | | (3,230) | | (3,230) |
| Balance, January 31, 2024 | \$ | 119,674 | \$ | 119,674 |
| CARRYING VALUE | | | | |
| July 31, 2023 | \$ | 132,904 | \$ | 132,904 |
| January 31, 2024 | \$ | 250,174 | \$ | 250,174 |

North Island Copper Property, BC, Canada

On October 4, 2021, the Company entered into an option agreement to acquire a 100% interest in the North Island Copper Property (the "Property") with a third party. Following the exercise of the option, the Property will remain subject to a 3% net smelter return royalty ("NSR"). The Company may purchase the first 1% of the NSR for \$750,000 and may purchase the remaining 2% of the NSR for an additional \$1,000,000.

Pursuant to the option agreement, the Company is required to complete the following:

- (1) to acquire a 51% interest in the Property, the Company shall pay \$10,000 to the vendor upon the effective date of the Option Agreement (paid);
- (2) to acquire an additional 49% interest in the Property, the Company shall: (i) pay a total of \$85,000 to the vendor; (ii) issue a total of 2,200,000 common shares; and (iii) spend a total of \$500,000 on exploration expenditures on the Property as set out below:
 - (a) the Company shall issue the common shares as follows:
 - (i) 2,000,000 common shares upon the date listed on a Canadian exchange ("Listing Date") (issued at a value of \$110,000)
 - (ii) 100,000 common shares within the first anniversary of the Listing Date;
 - (iii) 50,000 common shares within the second anniversary of the Listing Date; and
 - (iv) 50,000 common shares within third anniversary of the Listing Date,

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4. EXPLORATION AND EVALUATION ASSETS (continued)

(b) the Company shall pay the cash portion as follows:

- (i) \$10,000 upon the Listing Date (paid);
- (ii) \$10,000 on or before the first anniversary of the Listing Date;
- (iii) \$5,000 on or before the second anniversary of the Listing Date; and
- (iv) \$60,000 on or before the third anniversary of the Listing Date,

(c) the Company shall make the exploration expenditures on the Property according to the following schedule:

- (i) \$80,000 on or before the first anniversary of the Listing Date (incurred);
- (ii) \$100,000 on or before the second anniversary of the Listing Date; and
- (iii) \$320,000 on or before the third anniversary of the Listing Date.

5. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value. At January 31, 2024, there were 20,000,000 (July 31, 2023 - 12,900,000) common shares outstanding of which 7,119,000 are held in escrow (July 31, 2023 – 7,910,000).

During the period ended January 31, 2024, the Company:

- a) Completed its initial public offering by issuing 5,000,000 common shares at \$0.10 per share for gross proceeds of \$500,000. The agent received a cash commission \$50,000 and corporate finance fees of \$25,000 in cash, 100,000 common shares at \$0.10 per share for a value of \$10,000 and 500,000 agent's warrants valued at \$36,154 using the Black Scholes Model, with each agent warrant exercisable for one common share at a price of \$0.10 until December 12, 2025. The Company incurred an additional \$72,741 of cash share issuance costs in relation to the initial public offering.
- b) Issued 2,000,000 common shares at a value of \$110,000 for an exploration and evaluation asset.

During the year ended July 31, 2023, the Company:

- a) Issued 5,650,000 common shares at a price of \$0.05 per share for gross proceeds of \$282,500, of which \$52,000 was received during the year ended July 31, 2022.

Warrants

As at January 31, 2024 there were 2,700,000 (July 31, 2023 - 3,000,000) share purchase warrants held in escrow.

The following table summarizes the continuity of share purchase warrants:

| | Number of warrants | Weighted average exercise price \$ |
|------------------------------|-----------------------|--|
| Balance, July 31, 2022, 2023 | 5,000,000 | 0.05 |
| Granted | 500,000 | 0.10 |
| Balance, January 31, 2024 | 5,500,000 | 0.05 |

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5. SHARE CAPITAL (continued)

As at January 31, 2024, the following share purchase warrants were outstanding:

| Number of warrants outstanding | Exercise price \$ | Expiry date |
|--------------------------------|-------------------|-------------------|
| 500,000 | 0.10 | December 12, 2025 |
| 5,000,000 | 0.05 | November 5, 2026 |
| <u>5,500,000</u> | | |

The weighted average fair value of each agent's warrant issued during the period ended January 31, 2024 was \$0.07 (year ended July 31, 2023 - \$nil), calculated using the Black-Scholes option-pricing model on the issue date using the following weighted average assumptions:

| | Period ended January 31, 2024 | Year ended July 31, 2023 |
|-------------------------------------|----------------------------------|-----------------------------|
| Weighted average discount rate | 4.22% | - |
| Expected volatility | 150% | - |
| Expected life | 2 | - |
| Weighted average fair value granted | 0.07 | - |

No stock options were outstanding as at or during the periods ended January 31, 2024 and the year ended July 31, 2023.

6. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the period ended January 31, 2024, the Company incurred \$45,000 (2023 - \$7,500) in consulting fees and \$6,000 (2023 - \$nil) in rent to a company controlled by a director of the Company. As at January 31, 2024, there was \$14,700 (July 31, 2023 - \$nil) owing to this company, included in accounts payable and accrued liabilities. These amounts are non-interest bearing with no stated terms of payment.

During the period ended January 31, 2024, the Company incurred \$7,500 (2023 - \$nil) in accounting fees to a firm in which a director is a partner.

7. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

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7. FINANCIAL INSTRUMENTS AND RISKS (continued)

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at January 31, 2024, the Company is not subject to externally imposed capital requirements.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at January 31, 2024, the Company had a cash balance of \$145,304. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

(c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with a major Canadian based financial institution. The carrying amount of financial assets represents the maximum credit exposure.

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

(e) Interest rate risk

The Company is not exposed to interest rate risk.

(f) Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair values of other financial instruments, including receivables and accounts payable and accrued liabilities, are equal to their carrying values due to the short-term nature of these instruments.

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(Expressed in Canadian Dollars)

8. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.