

Kobrea Exploration Corp.

Condensed Interim Financial Statements

For the three months ended April 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

Kobrea Exploration Corp.

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Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the three months ended April 30, 2024 and 2023.

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Kobre Exploration Corp. for the interim periods ended April 30, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, SHIM & Associates LLP Chartered Professional Accountants, have not performed a review of these unaudited condensed interim consolidated financial statements.

June 24, 2024

Kobrea Exploration Corp.

Condensed Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	April 30, 2024	January 31, 2024
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	1,375,640	383,958
	1,375,640	383,958
Mineral property (note 4)	1	1
Total assets	1,375,641	383,959
LIABILITIES		
Current		
Accounts payable and accrued liabilities	14,520	35,769
Total liabilities	14,520	35,769
SHAREHOLDERS' EQUITY		
Share capital (note 6)	1,889,169	754,149
Share subscriptions received in advance	-	1,050
Reserves (note 6)	44,200	-
Deficit	(572,248)	(407,009)
Total shareholders' equity	1,361,121	348,190
Total liabilities and shareholders' equity	1,375,641	383,959

Nature of business and going concern (note 1)

Approved and authorized for issuance on behalf of the Board of Directors on June 24, 2024 by:

*"James Hedalen"***James Hedalen, Director***"Rory Ritchie"***Rory Ritchie, Director**

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

Kobrea Exploration Corp.

Condensed Interim Statements of Net and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended April 30,	
	2024	2023
	\$	\$
Expenses		
Advertising	88,945	-
Bank charges and interests	493	229
Exploration and evaluation costs (note 4)	9,535	5,822
Insurance expenses	12,545	-
Management fees (note 5)	9,000	7,545
Office expenses	286	228
Professional fees	19,040	9,350
Regulatory and filing fees	25,395	-
Net and comprehensive loss	165,238	23,174
Loss per common share – basic and diluted	(0.01)	(0.00)
Weighted average number of common shares outstanding – basic and diluted	12,428,759	11,863,712

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

Kobrea Exploration Corp.

Condensed Interim Statement of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Number of Special Warrants	Share Capital \$	Special Warrant Amount \$	Share Subscriptions received in advance \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
Balance, January 31, 2023	16,200,200	-	495,000	-	-	-	(183,487)	311,513
Share subscriptions received in advance	-	-	-	-	26,200	-	-	26,200
Loss for the period	-	-	-	-	-	-	(23,174)	(23,174)
Balance, April 30, 2023	16,200,200	-	495,000	-	26,200	-	(206,661)	314,539
Issuance of special warrants	-	2,589,496	-	258,949	-	-	-	258,949
Issuance of common shares for special warrants	2,589,496	(2,589,496)	258,949	(258,949)	(26,200)	-	-	(26,200)
Shares issued for warrant exercise	1,000	-	200	-	-	-	-	200
Subscriptions received	-	-	-	-	-	1,050	-	1,050
Loss for the period	-	-	-	-	-	-	(200,348)	(200,348)
Balance, January 31, 2024	18,790,696	-	754,149	-	-	1,050	(407,009)	348,190
Private placement	4,617,333	-	1,221,000	-	-	-	-	1,221,000
Share issuance costs	-	-	(92,830)	-	-	44,200	-	(48,630)
Share issued for warrant exercise	34,250	-	6,850	-	-	(1,050)	-	5,800
Loss for the period	-	-	-	-	-	-	(165,238)	(165,238)
Balance, April 30, 2024	23,442,279	-	1,889,169	-	-	44,200	(572,247)	1,361,121

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

Kobrea Exploration Corp.

Condensed Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended April 30,	
	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Net loss	(165,238)	(23,174)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(21,249)	39,995
	(186,487)	(63,169)
INVESTING ACTIVITIES		
Mineral property acquisition costs	-	-
	-	-
FINANCING ACTIVITIES		
Proceeds from exercise of warrants	5,800	-
Proceeds from issuance of common share issuances for special warrants	1,172,370	-
Share subscriptions received in advance	-	26,200
	1,178,170	26,200
Change in cash	991,682	(36,969)
Cash, beginning of period	383,958	367,507
Cash, end of period	1,375,640	330,538

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

Kobrea Exploration Corp.

Notes to the Condensed Interim Financial Statements
For the three months ended April 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Kobrea Exploration Corp. (the "Company") was incorporated on March 16, 2022 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The principal business of the Company is the acquisition, exploration and evaluation of resource properties. The head office and registered and records office of the Company is located at Suite 330 – 890 West Pender Street, Vancouver, British Columbia V6C 1L9. The Company's common shares are listed on the Canadian Stock Exchange (the "Exchange") under the symbol "KBX" and on the Frankfurt Stock Exchange under the symbol "F3I" and on the OTCQB Market under the symbol "KBXFF".

These condensed interim financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has working capital as at April 30, 2024 of \$1,361,121 (January 31, 2024 -\$348,190), and has accumulated deficit as at April 30, 2024 of \$572,247 (January 31, 2024 -\$407,009). The Company does not earn revenue and is reliant on share issuances for its funding. There is no assurance that sufficient funding (including adequate financing) will be available to conduct its business. These factors present a material uncertainty over the Company's ability to continue as a going concern. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements do not include all necessary disclosures required in an annual financial statements and, as such, should be read in conjunction with the Company's annual financial statements for the year ended January 31, 2024.

Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. The accounting policies have been applied consistently throughout the entire period presented in these unaudited condensed interim financial statements.

The presentation and functional currency of the Company is the Canadian dollar.

Kobrea Exploration Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless Management either intends to liquidate the entity or has no realistic alternative but to do so.

In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, Management concluded that, while material uncertainties exist, the going concern basis of accounting is appropriate based on its cash flow forecasts and access to replacement financing for the future twelve months.

Changes in Accounting Policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than February 1, 2024. These updates are not currently relevant to the Company or are not expected to have a material impact on these unaudited condensed interim financial statements and are therefore not discussed herein.

Kobrea Exploration Corp.

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4. MINERAL PROPERTY

Upland Copper Property, Barriere, British Columbia, Canada

The Company acquired from a non-arm's length party the Upland property, located in Barriere, British Columbia, Canada consisting of eight mineral claims, through staking, for a total consideration of \$1. During the three months ended April 30, 2024, the Company incurred \$9,535 (April 30, 2023- \$5,822) of exploration and evaluation expenditures on this property that have been recognized as expenses in the statements of net and comprehensive loss.

5. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company entered into the following transactions with related parties.

	For the three months ended April 30,	
	2024	2023
	\$	\$
Management fees	9,000	7,545
	<u>9,000</u>	<u>7,545</u>

As at April 30, 2024, accounts payable and accrued liabilities include \$nil (January 31, 2024 - \$nil) due to related parties.

6. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

As at April 30, 2024, the Company had 23,422,279 (January 31, 2024 - 18,790,696) common shares issued and outstanding.

b. Issued and outstanding

During the three months ended April 30, 2024, the Company completed the following transactions:

i) On April 5, 2024, the Company closed a non-brokered private placement ("The April Offering") of 3,784,000 units at \$0.25 per unit and 833,333 flow-through shares at \$0.33 per flow-through share for total gross proceeds of \$1,221,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.50 per share until April 5, 2026. Full proceeds were allocated to share capital under residual value method.

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6. SHARE CAPITAL (continued)

b. Issued and outstanding (continued)

The Company paid certain financing, legal and other expenses of \$92,830 and issued 176,570 warrants valued at \$44,200 to the finders. Each finders warrant is exercisable to acquire one common share at an exercise price of \$0.50 for a period of 24 months.

During the year ended January 31, 2024, the Company completed the following transactions:

- i) On July 13, 2023, the Company issued 2,589,496 special warrants at a price of \$0.10 per special warrant convertible into units for gross proceeds of \$258,950. Each unit is comprised of one common share (each, an "Underlying Share") and one share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one Underlying Share at an exercise price of \$0.20 until December 28, 2026. On December 28, 2023, 2,589,496 special warrants were converted into 2,589,496 common shares of the Company at no additional cost.
- ii) On January 30, 2024, the Company issued 1,000 common shares for the exercise of warrants for total proceeds of \$200.

c. Share purchase warrants

Warrant activity was as follows:

	Number of warrants	Weighted average exercise price
Balance at January 31, 2023	7,200,000	\$0.10
Issued	2,589,496	\$0.20
Warrant exercise	(1,000)	\$0.20
Balance at January 31, 2024	9,788,496	\$0.13
April Offering warrants [1]	1,892,000	\$0.50
April Offering finders warrants	176,570	\$0.50
Warrant exercise	(34,250)	\$0.20
Balance at April 30, 2024	11,822,816	\$0.19

[1] Based on the residual value method, \$0 was allocated to reserves for the April Offering warrants.

As at April 30, 2024, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date	Remaining life (years)
7,200,000	\$0.10	December 28, 2026	2.66
2,554,246	\$0.20	December 28, 2026	2.66
1,892,000	\$0.50	April 5, 2026	1.93
176,570	\$0.50	April 5, 2026	1.93
11,822,816	\$0.19		2.54

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6. SHARE CAPITAL (continued)

c. Share purchase warrants (continued)

The fair value of the warrants were estimated on the date of measurement. The Black Scholes assumptions are as follows at the measurement date:

Issue	Number of warrants	Exercise price (\$)	Market price (\$)	Expected Volatility (%)	Risk-free interest rate (%)	Expected life (years)	Dividend yield (%)	Fair value of warrants
Finders warrants (April)	176,570	0.50	0.52	84.05%	4.21%	2	-	\$44,200

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at April 30, 2024 and January 31, 2024, the Company's financial instruments consist of cash, accounts payable and accrued liabilities.

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 fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and 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).

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the expected maturity of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

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's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Kobrea Exploration Corp.

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(Unaudited)

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty. The Company is not exposed to significant interest rate risk as the Company has no variable interest-bearing debt.

(b) Foreign currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

Price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the three months ended April 30, 2024.