METALEX VENTURES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Prepared by Management

Expressed in Canadian dollars

October 31, 2023

# Metalex Ventures Ltd.
October 31, 2023

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## NOTICE TO READER

These condensed consolidated interim financial statements of Metalex Ventures Ltd. ("the Company") for the six month period ended October 31, 2023 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 International Financial Reporting Standards for a review of interim financial statements by an entity's auditor.

# Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

| | Note | October 31, 2023 | April 30, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | $ 1,594,648 | $ 2,323,345 |
| Receivables | 4, 10 | 44,738 | 30,541 |
| Prepaid expenses | | 28,300 | 21,812 |
| | | 1,667,686 | 2,375,698 |
| **Non-current assets** | | | |
| Investment in private company | 5 | 4,560,000 | 4,560,000 |
| Exploration and evaluation assets | 6 | 312,500 | 312,500 |
| Reclamation deposit | 6 | 1,195,748 | 1,168,390 |
| Long-term deposit | | 5,000 | 5,000 |
| Equipment | 8 | 115 | 344 |
| **Total Assets** | | $ 7,741,049 | $ 8,421,932 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 9, 10 | $ 2,638,528 | $ 1,783,945 |
| Flow-through premium liability | 11(b) | 162,228 | 330,052 |
| | | 2,800,756 | 2,113,997 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 11 | 98,139,812 | 97,755,692 |
| Reserves | 11 | 8,436,670 | 8,404,440 |
| Deficit | | (101,636,189) | (99,852,197) |
| | | 4,940,293 | 6,307,935 |
| **Total Liabilities and Shareholders' Equity** | | $ 7,741,049 | $ 8,421,932 |

**Nature and continuance of operations** (Note 1)

**Approved by the Board of Directors:**

| *"Chad Ulansky"* | *"Lorie Waisberg"* |
|---|---|
| Chad Ulansky | Lorie Waisberg |

*See accompanying notes to condensed consolidated interim financial statements.*

## Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

| | | Three Month Periods Ended October 31, | | Six month periods ended October 31, | |
|---|---|---|---|---|---|
| | Note | 2023 | 2022 | 2023 | 2022 |
| **EXPENSES** | | | | | |
| Depreciation | 8 | $ 115 | $ 115 | $ 229 | $ 228 |
| Directors fees | 10 | 15,000 | 15,000 | 30,000 | 30,000 |
| Exploration expenditures | 7, 10 | 1,017,491 | 49,270 | 1,969,239 | 359,359 |
| Foreign exchange (gain) loss | | 127 | (605) | 169 | (312) |
| Office and administrative | 10 | 27,838 | 22,624 | 60,029 | 42,288 |
| Professional fees | | 62,062 | 62,310 | 63,229 | 65,850 |
| Share-based compensation, net of unrealized DSU (gain) loss | 10, 11(c) | (635) | (81,969) | 2,230 | 10,730 |
| Transfer agent and filing fees | | 6,745 | 5,054 | 10,224 | 14,080 |
| Travel and promotion | | - | 984 | 371 | 2,342 |
| | | (1,128,743) | (72,783) | (2,135,720) | (524,565) |
| Flow-through premium | 11(b) | 142,506 | - | 271,825 | 26,849 |
| Interest income | | 38,771 | 13,009 | 79,903 | 19,807 |
| | | 181,277 | 13,009 | 351,728 | 46,656 |
| **Loss and comprehensive loss for the period** | | $ (947,466) | $ (59,774) | $ (1,783,992) | $ (477,909) |
| **Loss per share (Basic and Diluted)** | | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) |
| **Weighted average number of shares outstanding** | 12 | 234,447,918 | 185,895,918 | 229,304,440 | 185,895,918 |

*See accompanying notes to condensed consolidated interim financial statements.*

# Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

| | Number of Common Shares | Share Capital | Reserves | Deficit | Total |
|---|---|---|---|---|---|
| **Balance at April 30, 2022** | 185,895,918 | $ 95,998,912 | $ 7,823,871 | $ (98,634,589) | $ 5,188,194 |
| Share-based compensation | - | - | 10,730 | - | 10,730 |
| Loss for the period | - | - | - | (477,909) | (477,909) |
| **Balance at October 31, 2022** | 185,895,918 | $ 95,998,912 | $ 7,834,601 | $ (99,112,498) | $ 4,721,015 |
| **Balance at April 30, 2023** | 224,047,918 | $ 97,755,692 | $ 8,404,440 | $ (99,852,197) | $ 6,307,935 |
| Share issuance for cash | 10,400,000 | 520,000 | - | - | 520,000 |
| Share issuance costs | - | (31,880) | - | - | (31,880) |
| Flow-through premium | - | (104,000) | - | - | (104,000) |
| Share-based compensation | - | - | 10,730 | - | 10,730 |
| Reserves transferred on settlement of deferred share units | - | - | 21,500 | - | 21,500 |
| Loss for the period | - | - | - | (1,783,992) | (1,783,992) |
| **Balance at October 31, 2023** | 234,447,918 | $ 98,139,812 | $ 8,436,670 | $ (101,636,189) | $ 4,940,293 |

*See accompanying notes to condensed consolidated interim financial statements.*

**Metalex Ventures Ltd.**
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

| | Six month periods ended October 31, 2023 | 2022 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Income (loss) for the year | $ (1,783,992) | $ (477,909) |
| Items not affecting cash: | | |
| Depreciation | 229 | 228 |
| Interest accrued on reclamation deposit | (27,358) | (11,686) |
| Flow-through premium | (271,824) | (26,849) |
| Share-based compensation | 32,230 | 10,730 |
| Net change in non-cash working capital items: | | |
| Receivables | (14,197) | (16,665) |
| Prepaid expenses | (6,488) | (2,444) |
| Accounts payable and accrued liabilities | 854,583 | 390,572 |
| Net cash used for operating activities | (1,216,817) | (134,023) |
| **INVESTING ACTIVITIES** | | |
| Net cash provided by investing activities | - | - |
| **FINANCING ACTIVITIES** | | |
| Issuance of share capital | 520,000 | - |
| Issuance cost | (31,880) | - |
| Net cash provided by financing activities | 488,120 | - |
| **Change in cash** | (728,697) | (134,023) |
| **Cash, beginning of period** | 2,323,345 | 739,733 |
| **Cash, end of period** | $ 1,594,648 | $ 605,710 |
| **Cash paid for interest during the period** | $ - | $ - |
| **Cash paid for taxes during the period** | $ - | $ - |
| **Supplemental disclosure:** | | |
| Reserves transferred on deferred share unit plan | $ 21,500 | $ - |

*See accompanying notes to condensed consolidated interim financial statements.*

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Metalex Ventures Ltd. (the "Company" or "Metalex") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "MTX". The Company's head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company is not generating operating cash flows and will require additional funding in order to maintain its activities for the coming year. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

## 2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements (the "Financial Statements"), including comparatives, have been prepared in accordance withInternational Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended April 30, 2023. The accounting policies and methods of application are consistent with those used in the Company's consolidated financial statements for the year ended April 30, 2023.

These Financial Statements were approved for issue by the Audit Committee on December 20, 2023.

### Basis of Consolidation and Presentation

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

## 2. BASIS OF PRESENTATION (*continued*)

**Basis of Consolidation and Presentation** *(continued)*

These Financial Statements incorporate the financial statements of the Company and its wholly-owned subsidiary (Note 10). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

**Use of Estimates**

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially and adversely from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on acquisition costs incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The valuation of the investment in private company. Upon receipt of the shares of a private company, the Company considered the proposed plan for the private company to determine whether the Company had significant influence over the private company, as well as any available market information. As the shares are privately held and not traded on an open market, there may not be readily available information regarding the value of the shares. For the six month period ended October 31, 2023 and the year ended April 30, 2023, management obtained information about recent share transactions entered into in regards to the private company and revalued the investment based on the most recently available share prices paid.

iii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

(Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Foreign Exchange**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

## 4. RECEIVABLES

The Company's receivables are as follows:

| | October 31, 2023 | April 30, 2023 |
|---|---|---|
| Related party receivables (Note 10) | $ 19,530 | $ 4,149 |
| GST receivable | 4,023 | 5,207 |
| Advance receivable | 21,185 | 21,185 |
| Total | $ 44,738 | $ 30,541 |

## 5. INVESTMENT IN PRIVATE COMPANY

On October 25, 2019, the Company received 2,780,000 common shares of a private entity (initially valued at $278,000) on the sale of the Company's 62.5% interest in certain mineral claims in the Ring of Fire region of the James Bay Lowlands, Ontario (Note 6). In December 2021, the Company received proceeds of $275,000 from the sale of 500,000 shares of the private entity.

As at October 31, 2023, the Company owns 2,280,000 shares or 3.67% of the private entity (April 30, 2023 – 3.92%). Using recent private placement information, the valuation of the Company's investment has been estimated as follows:

| | Investment in private co. |
|---|---|
| Balance as at April 30, 2021 | $ 1,668,000 |
| Proceeds on sale of shares | (275,000) |
| Gain on sale of shares | 225,000 |
| Unrealized gain for the year | 2,942,000 |
| Balance as at April 30, 2022 and October 31, 2023 | $ 4,560,000 |

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

The carrying values of the Company's exploration and evaluation assets are as follows:

| | Wemindji James Bay, Quebec | Kyle Lake, Ontario | South Africa | Total |
|---|---|---|---|---|
| Balances as at April 30, 2022 and October 31, 2023 | $ 10,500 | $ 264,862 | $ 37,138 | $ 312,500 |

The Company's one reportable operating segment is the acquisition and exploration of mineral properties; the Company's non-current assets are entirely in Canada.

**Wemindji James Bay Property, Quebec**

As at October 31, 2023, the Company has a 77.77% (April 30, 2023 – 77.75%) contributing interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds and owns 100% of the non-diamond project.

**Kyle Lake Project, Ontario**

As at October 31, 2023, the Company has a 100% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"), a company related by virtue of a common director. Pursuant to earn-in agreements, the Company will be required to pay $2,000,000 in circumstances where a mine is put into production on the claims comprising the Kyle Lake project.

As at October 31, 2023, the Company has paid an advanced reclamation deposit valued at $1,195,748 (April 30, 2023 – $1,168,390) for potential disturbance on future development at the Kyle Lake project.

**Morocco**

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

**6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

**Morocco** *(continued)*

During the years ended April 30, 2022 and 2023, the Company received notices which disputed that ONHYM and the government of the Kingdom of Morocco have any jurisdiction over the area in which the Company's claims are located and that the claims lay in Western Sahara. The Company's position is that the territory is under the jurisdiction of the Kingdom of Morocco. As such, the Company continues to work with ONHYM to extend the previous 36 month agreement with them that has expired.

**South Africa**

In November 2020, the Company reached an agreement to acquire an interest in a prospecting license from Invest in Property 126 (Pty) Ltd ("IIP"). Over a four-stage agreement and the completion of a feasibility study, the Company has the ability to earn up to a 70% interest in the property.

The Company will first fund 250,000 South African Rands to convert the prospecting license to a mining lease to acquire a 20% interest. While the Company is in the process of converting the prospecting license and has funded $24,000 (280,078 South African rand) towards this, the process has not been completed. As such, as at April 30 and October 31, 2023 the Company has not yet earned the 20% initial investment.

The next stage involves the Company funding an airborne geophysical survey and testing known kimberlites and new targets. Completion of this and a $10,000 USD payment to IIP (paid in fiscal 2021 – $13,138) earns the Company a further 15% interest (35% total).

The third stage is drilling of a minimum of 12 holes to test kimberlites which show economic potential. Completion of this work and a payment of $10,000 USD to IIP earns the Company a further 16% (51% total). In the fourth stage, the Company will fund a bulk sampling of a kimberlite. This, along with payment of $100,000 to IIP, earns the Company an additional 10% interest (61% total).

Once the Company has funded the completion of a feasibility study on the project, the Company will earn a final 9% interest bringing its interest to 70%. Upon the decision to proceed with mine construction a further $100,000 payment will be made to IIP. Any joint venture will be subject to a 10% net profits royalty interest.

**Mali**

The Company has a 100% interest in two gold exploration licenses. The annual exploration commitments for both permits in CFA Francs ("CFA"), with Canadian Dollar equivalents using exchange rates at October 31, 2023 is estimated at $1,545,970 (CFA 692,000,000). The project is currently under force majeure.

(Expressed in Canadian Dollars)

## 7. EXPLORATION EXPENDITURES

| | James Bay, Quebec | Kyle Lake, Ontario | Morocco | South Africa | Total |
|---|---|---|---|---|---|
| **Cumulative expenditures, April 30, 2022** | $ 10,545,828 | $ 47,401,440 | $ 5,958,255 | $ 123,583 | $ 64,029,106 |
| Additions | | | | | |
| Camp and field supplies | 378 | 63 | - | - | 441 |
| Drill supplies and repairs | 3,684 | - | - | - | 3,684 |
| Fuel | 1,032 | - | - | - | 1,032 |
| Licenses, rent and other | 25,647 | 5,401 | - | - | 31,048 |
| Labour | 64,474 | 4,460 | 1,271 | 282 | 70,487 |
| Sample laboratory analysis | 275,384 | - | - | - | 275,384 |
| Shipping, freight and storage | 7,092 | 54,108 | 3,020 | - | 64,220 |
| Travel and accomodation | 2,324 | 2,134 | 5,571 | - | 10,029 |
| Total additions | 380,015 | 66,166 | 9,862 | 282 | 456,325 |
| Cost recoveries | (96,966) | - | - | - | (96,966) |
| Net exploration expenditures during the period | 283,049 | 66,166 | 9,862 | 282 | 359,359 |
| **Cumulative expenditures, October 31, 2022** | 10,828,877 | 47,467,606 | 5,968,117 | 123,865 | 64,388,465 |
| Net exploration expenditures to year end | 281,118 | 146,692 | 86,767 | 78,314 | 592,891 |
| **Cumulative expenditures, April 30, 2023** | 11,109,995 | 47,614,298 | 6,054,884 | 202,179 | 64,981,356 |
| Additions | | | | | |
| Aircraft field transport | 61,780 | | - | - | 61,780 |
| Camp and field supplies | 96,500 | - | - | - | 96,500 |
| Drill supplies and repairs | 69,206 | - | - | - | 69,206 |
| Equipment rental | 163,832 | - | - | - | 163,832 |
| Licenses, rent and other | 5,399 | 5,901 | - | 45,789 | 57,089 |
| Labour | 908,193 | 825 | 13,506 | 42,600 | 965,124 |
| Sample laboratory analysis | - | - | 7,179 | - | 7,179 |
| Shipping, freight and storage | 24,271 | 59,478 | 3,248 | - | 86,997 |
| Telecommunications | 3,068 | - | - | - | 3,068 |
| Travel and accomodation | 476,211 | - | - | - | 476,211 |
| Total additions | 1,808,460 | 66,204 | 23,933 | 88,389 | 1,986,986 |
| Cost recoveries | (17,747) | - | - | - | (17,747) |
| Net exploration expenditures during the period | 1,790,713 | 66,204 | 23,933 | 88,389 | 1,969,239 |
| **Cumulative expenditures, October 31, 2023** | $ 12,900,708 | $ 47,680,502 | $ 6,078,817 | $ 290,568 | $ 66,950,595 |

(Expressed in Canadian Dollars)

## 8. EQUIPMENT

| | *Computer equipment* Cost | Accumlated depreciation | Carrying cost |
|---|---|---|---|
| Balance as at April 30, 2022 | $ 5,185 | $ 4,383 | $ 802 |
| Depreciation | - | 228 | (228) |
| Balance as at October 31, 2022 | 5,185 | 4,611 | 574 |
| Depreciation | - | 230 | (230) |
| Balance as at April 30, 2023 | 5,185 | 4,841 | 344 |
| Depreciation | - | 229 | (229) |
| Balance as at October 31, 2023 | $ 5,185 | $ 5,070 | $ 115 |

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

| | **October 31, 2023** | **April 30, 2023** |
|---|---|---|
| Trade payables | $ 44,462 | $ 13,402 |
| Accrued liabilities | - | 3,400 |
| Related party payables (Notes 10, 11(d)) | 2,594,066 | 1,767,143 |
| Total | $ 2,638,528 | $ 1,783,945 |

## 10. RELATED PARTY DISCLOSURES

The Financial Statements include the financial statements of Metalex Ventures Ltd. and its 100% owned inactive subsidiary, Mali Gold Mine Ltd. (incorporated in the country of Mali); there has been no change in ownership during the period.

(Expressed in Canadian Dollars)

## 10. RELATED PARTY DISCLOSURES *(continued)*

During the three and six month periods ended October 31, 2023 and 2022, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by the Metalex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company.
- Cantex Mine Development Corp. ("Cantex") – a publicly listed company with common directors and management. Metalex and Cantex share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Element 29 Ventures Ltd. ("Element 29") – a private company owned by the Metalex CEO. Element 29 provides geological consulting services to the Company.
- FourIrons Consulting ("FourIrons") – a private company owned by the Metalex CFO. FourIrons provides financial consulting services to the Company.
- Kel-Ex Development Ltd. ("Kel-Ex") – a private company owned by the Metalex Chairman. Kel-Ex provides administration, payroll and office services to the Company, as well as being the operator of the Company's Quebec project.
- Northern Uranium Corp. ("Northern") – a publicly listed company which had common directors and management until July 29, 2023 when Northern's management and board shifted. Metalex and Northern shared office space and thus had certain shared expenditures which were re-billed on a cost-recovery basis.

The key management personnel of the Company are the Directors, Chief Executive Officer and Chief Financial Officer.

The Company's related party expenses consist of the following:

| | Three month periods ended October 31, | | Six month periods ended October 31, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Laboratory and mineralogical costs, including storage fees | **$ 37,062** | $ 55,784 | **$ 69,229** | $ 321,088 |
| Administration fees (10%) | **60,230** | 3,870 | **123,566** | 4,848 |
| Consulting fees | **10,225** | 11,300 | **36,588** | 21,906 |
| Shared field expenditures | **2,100** | 4,027 | **4,184** | 11,098 |
| Shared office and administrative costs | **4,190** | 2,411 | **8,496** | 4,899 |
| | **$ 113,807** | $ 77,392 | **$ 242,063** | $ 363,839 |

| | Three month periods ended October 31, | | Six month periods ended October 31, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| C.F. Mineral Research Ltd. | **$ 37,062** | $ 55,784 | **$ 69,229** | $ 321,088 |
| Kel-Ex Development Ltd. | **64,870** | 6,281 | **146,252** | 18,318 |
| Element 29 Ventures Ltd. | **2,100** | 6,429 | **5,738** | 8,635 |
| FourIrons Consulting | **9,775** | 8,898 | **20,844** | 15,798 |
| | **$ 113,807** | $ 77,392 | **$ 242,063** | $ 363,839 |

(Expressed in Canadian Dollars)

## 10. RELATED PARTY DISCLOSURES *(continued)*

The Company's expenses recovered from related parties consist of the following:

| | Three month periods ended October 31, 2023 | 2022 | Six month periods ended October 31, 2023 | 2022 |
|---|---|---|---|---|
| Shared office and administrative costs | **$ 5,653** | $ 16,867 | **$ 10,747** | $ 24,523 |
| Shared field expenditures | **12,947** | 18,026 | **20,322** | 48,241 |
| | **$ 18,600** | $ 34,893 | **$ 31,069** | $ 72,764 |

| | Three month periods ended October 31, 2023 | 2022 | Six month periods ended October 31, 2023 | 2022 |
|---|---|---|---|---|
| Cantex Mine Development Corp. | **$ 17,073** | $ 31,240 | **$ 27,716** | $ 64,651 |
| Kel-Ex Development Ltd. | **1,527** | 1,869 | **3,151** | 6,235 |
| Northern Uranium Corp. | **-** | 1,784 | **202** | 1,878 |
| | **$ 18,600** | $ 34,893 | **$ 31,069** | $ 72,764 |

Included in accounts payable of the Company are the following amounts due to related parties:

| | October 31, 2023 | April 30, 2023 |
|---|---|---|
| C.F. Mineral Research Ltd. | **$ 1,510,874** | $ 1,453,359 |
| Element 29 Ventures Ltd. | **735** | 1,267 |
| FourIrons Consulting | **1,781** | 1,811 |
| Kel-Ex Development Ltd. | **1,065,676** | 295,706 |
| Glenn Nolan, independent director | **7,500** | 7,500 |
| Lorie Waisberg, independent director | **7,500** | 7,500 |
| | **$ 2,594,066** | $ 1,767,143 |

Included in receivables of the Company are the following amounts due from related parties:

| | October 31, 2023 | April 30, 2023 |
|---|---|---|
| Cantex Mine Development Corp. | **$ 17,926** | $ 3,672 |
| Kel-Ex Development Ltd. | **1,604** | 229 |
| Northern Uranium Corp. | **-** | 248 |
| | **$ 19,530** | $ 4,149 |

(Expressed in Canadian Dollars)

## 10. RELATED PARTY DISCLOSURES *(continued)*

The remuneration of directors and officers is as follows:

| | Three month periods ended October 31, | | Six month periods ended October 31, | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Director fees[1] and share-based compensation[3] | **$ 9,037** | $ (67,296) | **$ 31,575** | $ 40,075 |
| Consulting fees[2] | **9,775** | 11,300 | **22,398** | 18,906 |
| | **$ 18,812** | $ (55,996) | **$ 53,973** | $ 58,981 |

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (d). For the three and six month periods ended October 31, 2023 and 2022, $15,000 in directors fees was accrued each quarter and included in accrued liabilities to represent the amount entitled by the independent directors as at the period end. These were settled with the issuance of the DSUs in February, August and November 2023, respectively.

(2) Consulting fees includes amounts paid or accrued for geological consulting fees included in exploration expenditures, as well as corporate consulting fees included in office and administrative expenses within profit or loss.

(3) Share-based compensation represents the vested portion of share options issued to management and directors based on the Black-Scholes option pricing model (Note 11(c)), as well as the gain or loss on settlement of the DSUs granted (Note 11(d)).

## 11. SHARE CAPITAL AND RESERVES

### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

### b) Issued share capital

The Company incurred a flow-through premium of $287,000 associated with the issuance of flow-through shares in January 2021. During the year ended April 30, 2023, the Company fulfilled its flow through fund spending requirements and had recovered the remaining flow-through premium of $26,849 in profit or loss.

In December 2022, the Company completed a private placement of flow-through units ("the FT Units") and non-flow through units ("the Units"). The FT Units were issued at a price of $0.06/FT Unit and Units were issued for $0.05/Unit. Each FT Unit was comprised of one flow-through common share and one-half of one common share purchase warrant; each Unit was comprised of one non-flow through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.08 for a period of eighteen months. Over the course of two tranches, the Company closed the private placement for a total of $2,279,120 from the sale of 37,152,000 FT Units and 1,000,000 Units; 19,076,000 warrants were issued as part of the private placement. Finder fees of $158,279 and other share issuance costs of $16,954 were incurred in conjunction with this private placement. As part of the commission agreement, the Company issued 2,975,168 finder's warrants valued at $82,930 using the Black-Scholes option pricing model with the following variables:

| | Tranche 1 | Tranche 2 |
|---|---|---|
| **Expected life** | 1.5 years | 1.5 years |
| **Volatility** | 101.21% | 102.01% |
| **Risk-free rate** | 3.95% | 3.81% |
| **Dividend rate** | 0% | 0% |
| **Expiry date** | May 28, 2024 | June 5, 2024 |

(Expressed in Canadian Dollars)

**11. SHARE CAPITAL AND RESERVES** *(continued)*

b) **Issued share capital**

As at October 31, 2023, the Company had $348,916 in remaining flow through funds from this private placement (April 30, 2023 – $1,977,755); of the $372,000 flow through premium associated with this financing, there is a remaining flow through premium liability of $58,228 (April 30, 2023 – $330,052).

In July 2023, the Company announced and completed a private placement of flow-through shares ("FT Shares"), which were issued at $0.05 per FT share. A total of 10,400,000 FT shares were issued for total proceeds of $520,000; a flow through premium of $104,000 was associated with this financing. Finders fees of $25,900 and other issuance costs of $5,980 were paid in conjunction with this private placement. As at October 31, 2023, the Company had not spent any of these flow through funds.

c) **Stock options and warrants**

The Company, in accordance with its shareholder approved stock option plan as amended, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant and are exercisable for up to a period of ten years from the date of grant, unless otherwise determined by the Board of Directors.

During the six month period ended October 31, 2023, the Company recognized share-based compensation of $2,230 (six month period ended October 31, 2022 – $10,730) in profit or loss. In the current period, this represents the gain on settlement of the issuance of DSUs during the period, offset by the vested portion of share-based compensation granted in June 2021. In the prior period, as the new DSU plan had not yet been adopted, stock based compensation was comprised of an adjustment to the fair market value of DSUs issued ($Nil for the six month period), as well as the vested portion of share-based compensation granted in June 2021. Unlike previously issued options, the options granted on June 30, 2021 did not vest immediately; it was determined by the Board of Directors that these will vest pro-rata over a five year period and will become fully vested on June 30, 2026. They will expire on June 30, 2028. The weighted average fair value of the options granted was valued at $0.05 per option using the Black-Sholes option pricing model. The assumptions used in calculating fair values include an expected life of 5 years, volatility of 131.43%, risk free dividend rate of 0.97% and dividend rate of 0%.

As at October 31, 2023, the Company has recognized twenty-eight months of vesting of options granted in June 2021; this has been offset against the fair market value adjustment to the Deferred Share Unit Plan (Note 11(d)):

| | **Three month period ended October 31,** | | **Six month period ended October 31,** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Unrealized (gain) loss on settlement of DSUs issued during the period | **$ (6,000)** | $ - | **$ (8,500)** | $ - |
| Share-based compensation fair market value unrealized (gain) loss | **-** | (87,334) | **-** | - |
| Share-based compensation for vested options | **5,365** | 5,365 | **10,730** | 10,730 |
| | **$ (635)** | $ (81,969) | **$ 2,230** | $ 10,730 |

(Expressed in Canadian Dollars)

## 11. SHARE CAPITAL AND RESERVES *(continued)*

### c) Stock options and warrants *(continued)*

Stock option and warrant transactions are summarized as follows:

| | Stock Options | | Warrants | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Outstanding, April 30 and October 31, | 6,286,000 | $ 0.12 | 12,261,376 | $ 0.10 |
| Granted | - | - | 22,051,168 | 0.08 |
| Expired | - | - | (12,261,376) | 0.10 |
| Outstanding, April 30 and October 31, 2023 | 6,286,000 | $ 0.12 | 22,051,168 | $ 0.08 |
| Number currently exercisable | 5,154,500 | $ 0.13 | 22,051,168 | $ 0.08 |

The following stock options and warrants were outstanding as at October 31, 2023:

| | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| **Options** | 3,756,000 | $ 0.15 | December 19, 2023* |
| | 400,000 | 0.08 | January 13, 2026 |
| | 2,130,000 | 0.08 | June 30, 2028** |
| | 6,286,000 | | |

* Expired unexercised subsequent to October 31, 2023

** Of the 2,130,000 outstanding options, 994,000 of these have vested as of October 31, 2023.

| | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| **Warrants** | 11,057,640 | $ 0.08 | May 28, 2024 |
| | 10,993,528 | 0.08 | June 5, 2024 |
| | 22,051,168 | | |

### d) Deferred share unit ("DSU") plan

Under the old deferred share unit plan, directors were entitled to receive the cash value equal to the fair value of the deferred shares outstanding. In October 2022, the Company amended and approved a new plan. Under the new DSU plan, directors will earn compensation quarterly ($7,500 initial value per quarter per director) at which time the number of deferred share units issued will be determined by the Board up to 100% of the compensation based on the volume-weighted average of the Company's trading price for the last five trading days before issuance. Upon leaving the Board, directors will receive an equivalent number of common shares for the deferred compensation. Accordingly, during the year ended April 30, 2023, the Company derecognized a financial liability of $524,002 and recognized an increase in reserves for the new DSU plan, which is equity settled.

## 11. SHARE CAPITAL AND RESERVES *(continued)*

### d) Deferred share unit ("DSU") plan *(continued)*

The initial value of the DSUs issued for the six month periods ended October 31, 2023 and 2022 were accrued as at October 31, 2023 and 2022, and were issued in February and November 2023, respectively. As at October 31, 2023, the Company has allocated a total of 10,345,872 DSUs (October 31, 2022 – 8,733,372 DSUs).

Directors' fees of $30,000 (2022 – $30,000) reflect the compensation to directors, with the gain on settlement of the DSUs of $8,500 (2022 – fair value adjustment of $nil associated with the old DSUs) recognized in profit and loss.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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).

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Investment in private company is carried at fair market value using a level 2 fair value measurement, which has been based on the last share purchase price used to raise funds. Any adjustments to the value of this investment will be reflected in profit or loss.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

*Currency risk* - While the Company's capital is raised in Canadian dollars and has limited exposure to fluctuations in the exchange rates. The Company considers this foreign currency risk to be insignificant.

*Credit risk* – Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions. The Company's receivables typically consist mainly of receivables from related parties for shared expenditures and GST receivable due from the Federal Government of Canada.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (*continued*)

As at October 31, 2023, the Company had $19,530 (October 31, 2022 – $4,149) in outstanding related party receivables; the Company has subsequently received all of this balance. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (October 31, 2023 and 2022 – $Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

*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 market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

*Liquidity risk* – Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 13. The Company is exposed to liquidity risk.

*Price risk* – The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company. The fair value of the investment in private company will fluctuate based on current market prices of its shares. Market prices may significantly impact the fair value of the investment and result in unrealized gains and losses through the Company's statement of profit and loss.

## 13. CAPITAL RISK MANAGMENT

The Company includes shareholders' equity, comprised of issued common shares, reserves, and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company is in the exploration stage; as such, it has historically relied on the equity markets to fund its activities. The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity. The Company has made no changes to its objective, nor is the Company subject to external capital requirements.

(Expressed in Canadian Dollars)

## 14. SEGMENTED INFORMATION

The Company manages its business as a single operating segment: mineral exploration. The Company operates in both foreign and domestic countries as follows:

| | Six month periods ended October 31, **2023** | 2022 |
|---|---|---|
| Loss | | |
| Canada | **$ 1,695,603** | $ 477,627 |
| South Africa | **88,389** | 282 |
| | **$ 1,783,992** | $ 477,909 |

| | **October 31, 2023** | April 30, 2023 |
|---|---|---|
| Exploration and evaluation assets | | |
| Canada | **$ 275,362** | $ 275,362 |
| South Africa | **37,138** | 37,138 |
| Equipment | | |
| Canada | **115** | 344 |
| | **$ 312,615** | $ 312,844 |