Cantex Mine Development Corp.

Condensed Consolidated Interim Financial Statements

Unaudited

Expressed in Canadian dollars

January 31, 2024

Cantex Mine Development Corp.

January 31, 2024

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NOTICE TO READER

These condensed consolidated interim financial statements of Cantex Mine Development Corp. ("the Company") for the six month period ended January 31, 2024 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.

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - prepared by management)
(Stated in Canadian dollars)

As at	Note		January 31, 2024		July 31, 2023
Assets					
Current assets					
Cash		$	**4,016,699**	$	787,323
Receivables and prepaids	3		**379,876**		53,199
			4,396,575		840,522
Non-current assets					
Reclamation bonds	4(c)		**67,423**		66,316
Equipment	5		**349,510**		396,387
Right-of-use assets	6		**76,026**		167,257
		$	**4,889,534**	$	1,470,482
Liabilities					
Current liabilities					
Trade and other payables		$	**157,732**	$	132,848
Due to related parties	7		**81,048**		723,574
Current portion of lease obligations	6		**43,919**		154,477
Flow through premium liability	9(b)		**193,807**		3,679
			476,506		1,014,578
Non-current liabilities					
Asset retirement obligation	8		**406,000**		406,000
			882,506		1,420,578
Shareholders' equity					
Share capital	9		**93,000,468**		87,239,598
Equity reserve	9		**5,248,793**		4,804,593
Deficit			**(94,242,233)**		(91,994,287)
			4,007,028		49,904
		$	**4,889,534**	$	1,470,482

Nature and continuance of operations (Note 1)
Subsequent events (Note 9(b))
Commitments (Note 9(b))
Contingencies (Note 10)

Approved by the Board of Directors:

"Vernon Frolick"	*"Chad Ulansky"*
Vernon Frolick	Chad Ulansky

See accompanying notes to the condensed consolidated interim financial statements.

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Prepared by Management)
(Stated in Canadian dollars)

	Note	Three month periods ended January 31, **2024**	2023	Six month periods ended January 31, **2024**	2022
Expenses					
Accretion	8	**$ 8,962**	$ 7,038	**$ 17,925**	$ 14,075
Depreciation	5,6	**61,292**	61,178	**122,470**	122,356
Exploration expenditures	4	**871,371**	1,183,113	**2,075,617**	4,122,717
Office and administrative		**195,559**	60,354	**257,071**	131,394
Professional fees		**16,104**	9,973	**18,471**	12,275
Transfer agent and filing fees		**24,772**	22,134	**34,663**	37,979
		(1,178,060)	(1,343,790)	**(2,526,217)**	(4,440,796)
Other items					
Flow through premium recovery	9(b)	**166,193**	156,000	**226,872**	156,000
Foreign exchange gain		**5,999**	13,895	**16,462**	25,731
Interest income		**25,764**	7,224	**34,937**	27,878
		197,956	177,119	**278,271**	209,609
Loss and comprehensive loss		**$ (980,104)**	$ (1,166,671)	**$ (2,247,946)**	$ (4,231,187)
Loss per common share, basic and diluted		**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.05)
Weighted average number of common shares outstanding, basic and diluted		**108,226,662**	85,485,550	**99,568,561**	82,906,850

See accompanying notes to the condensed consolidated inteirm financial statements.

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Prepared by Management)
(Stated in Canadian dollars)

	Note	Number of common shares	Share capital	Equity reserve	Deficit	Total
Balance, July 31, 2022		80,328,149	$ 84,792,280	$ 4,693,976	$(86,800,298)	$ 2,685,958
Shares issued for cash - private placement	10(b)	6,003,852	1,605,040	-	-	1,605,040
Shares issued for services rendered	10(b)	322,560	80,640	-	-	80,640
Share issuance costs	10(b)	-	(142,785)	30,000	-	(112,785)
Flow through premium	10(b)	-	(156,000)	-	-	(156,000)
Loss and comprehensive loss for the period		-	-	-	(4,231,187)	(4,231,187)
Balance, January 31, 2023		86,654,561	86,179,175	4,723,976	(91,031,485)	(128,334)
Shares issued for cash - private placement	9(b)	3,713,851	1,108,496	160,004	-	1,268,500
Shares issued for services rendered	9(b)	-	(1,613)	1,613	-	-
Share issuance costs	9(b)	-	(18,460)	1,000	-	(17,460)
Flow through premium		-	(28,000)	-	-	(28,000)
Reserves transferred on expired options		-	-	(82,000)	82,000	-
Loss and comprehensive loss to year end		-	-	-	(1,044,802)	(1,044,802)
Balance, July 31, 2023		90,368,412	87,239,598	4,804,593	(91,994,287)	49,904
Shares issued for cash - private placement	10(b)	23,651,327	6,504,275	319,400	-	6,823,675
Shares issued for services rendered	10(b)	1,023,074	266,000	-	-	266,000
Share issuance costs	10(b)	-	(592,405)	124,800	-	(467,605)
Flow through premium	10(b)	-	(417,000)	-	-	(417,000)
Loss and comprehensive loss for the period		-	-	-	(2,247,946)	(2,247,946)
Balance, January 31, 2024		115,042,813	$ 93,000,468	$ 5,248,793	$(94,242,233)	$ 4,007,028

See accompanying notes to the condensed consolidated interim financial statements.

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Prepared by Management)
(Stated in Canadian dollars)

	Six month periods ended January 31, 2024	2023
Operating activities		
Loss for the year	**$ (2,247,946)**	$ (4,231,187)
Items not involving cash		
Flow through premium recovery	**(226,872)**	(156,000)
Accretion	**17,925**	14,075
Depreciation	**122,470**	122,356
Interest on lease obligations	**3,817**	12,306
Unrealized foreign exchange gain	**(1,107)**	(2,610)
Changes in operating assets and liabilities		
Receivables and prepaids	**(326,677)**	133,580
Trade and other payables and due to related parties	**(617,642)**	(378,385)
	(3,276,032)	(4,485,865)
Investing activities		
Purchase of capital assets	**(2,287)**	-
	(2,287)	-
Financing activities		
Issuance of common shares	**6,823,675**	1,605,040
Share issue costs	**(201,605)**	(32,145)
Lease liability for right-of-use assets	**(114,375)**	(114,375)
	6,507,695	1,458,520
Change in cash during the year	**3,229,376**	(3,027,345)
Cash, beginning of year	**787,323**	3,540,996
Cash, end of year	**$ 4,016,699**	$ 513,651
Supplemental disclosure:		
Taxes paid	**$ -**	$ -
Interest paid	**$ -**	$ -
Flow through premium liability	**$ 57,000**	$ 156,000
Shares issues as share issuance costs	**$ 266,000**	$ 80,640
Finder's warrants issued as fees on private placement	**$ 124,800**	$ 30,000
Residual value of warrants	**$ 319,400**	$ -

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature and continuance of operations

Cantex Mine Development Corp. ("Cantex" or the "Company") is incorporated under the laws of the Province of Alberta 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 symbol "CD" and on the OTCQB Venture Market under the symbol "CTXDF".

The head office, principal address and registered and records office of the Company are located at 203-1634 Harvey Avenue, Kelowna, BC V1Y 6G2.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis, which assumes the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge is liabilities in the normal course of business. The ability of the Company to continue operations is dependent upon the existence of economically recoverable reserves, successful development of the Company's mineral properties (Note 4), completion of equity financings (Note 9), and generating profitable operations in the future. It is not possible to predict whether economically recoverable reserves exist, the Company's financing efforts will be successful, or if the Company will attain a profitable level of operations.

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.

As at January 31, 2024, the Company has incurred cumulative losses of $94,242,233 (July 31, 2023 – $91,994,287) and has positive working capital of $3,920,069 (July 31, 2023 – negative working capital of $174,056). Additional financing will be required for the Company to continue operations. The above conditions may raise significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, adjustments would be necessary in the carrying values of assets and liabilities.

2. Basis of presentation

(a) *Statement of compliance*

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The significant policies applied in these condensed consolidated interim financial statements are the same as those set out in Note 3 to the audited consolidated financial statements for the year ended July 31, 2023.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2023 annual consolidated financial statements. These interim financial statements do not include all the necessary annual disclosure in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Audit Committee on March 25, 2024.

(Stated in Canadian dollars)

2. Basis of presentation (continued)

(b) *Basis of presentation*

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cantex Gold Corp.

		Proportion of Ownership Interest	
Name of Subsidiary	Country of Incorporation	January 31, 2024	July 31, 2023
Cantex Gold Corp.	USA	100%	100%

3. Receivables and prepaids

	January 31, 2024	July 31, 2023
GST receivables	**$ 64,623**	$ 20,519
Prepaid expenses	**215,253**	31,883
Third party receivable	**100,000**	797
	$ 379,876	$ 53,199

4. Mineral property interests

The Company has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Although the Company has taken steps to verify title to the mineral properties in which it, through its subsidiary, has an interest, in accordance with industry standards for the stage of exploration of such properties, those procedures do not guarantee the Company's title.

Title to mining properties 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 mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

(Stated in Canadian dollars)

4. Mineral property interests (continued)

	Yukon (a)	Yemen (b)	Nevada (c)	Total
Cumulative expenditures to July 31, 2022	$ 41,832,622	$ 26,718,360	$ 3,334,874	$ 71,885,856
Consulting and engineering	619,348	8,375	5,495	633,218
Licenses and permits	16,685	-	20,345	37,030
Travel, field and other	2,128,321	69,659	1,787	2,199,767
Wages	1,204,923	47,779	-	1,252,702
Net expenditures during the period	3,969,277	125,813	27,627	4,122,717
Cumulative expenditures to January 31, 2023	45,801,899	26,844,173	3,362,501	76,008,573
Net expenditures to year end	689,127	105,154	13,690	807,971
Cumulative expenditures to July 31, 2023	46,491,026	26,949,327	3,376,191	76,816,544
Consulting and engineering	316,761	14,527	1,751	333,039
Licenses and permits	35,585	-	11,165	46,750
Travel, field and other	987,894	57,009	1,768	1,046,671
Wages	551,855	97,302	-	649,157
Net expenditures during the period	1,892,095	168,838	14,684	2,075,617
Cumulative expenditures to January 31, 2024	$ 48,383,121	$ 27,118,165	$ 3,390,875	$ 78,892,161

(a) *Yukon program*

As of January 31, 2024, the Company holds certain claim blocks, which are located northeast of Mayo, Yukon, Canada. These claims are 100% held by the Company and were acquired by staking.

(b) *Yemen program*

(i) Exploration license

During 1996, the Company was granted a prospecting permit in the Republic of Yemen. The Company has held an exploration license granting exclusive exploration rights and the right to obtain an exploration contract since 1999. Under the terms of the exploration contract, the Government of the Republic of Yemen has the right to offer to acquire, on commercial terms, an undivided interest of up to 49% in this exploration license. In this event, the Company's interest (and that of any partner) would be diluted proportionately.

4. Mineral property interests (continued)

(b) *Yemen program (continued)*

(i) Exploration license (continued)

In January 2012, the exploration license containing the Al Hariqah project was renewed under the new Yemeni mining code. The new license is valid for an initial four year period and can be renewed for two further four year periods.

In October 2014, the Company, in conjunction with Piedmont, declared a state of force majeure in regards to the Al Hariqah project. Due to the current political climate, notice was given to the Chairman of the Geological and Mineral Resource Board of Yemen that the Company no longer felt that the project area was secure. Operations at the Al Hariqah site have since ceased; the Company's current expenditures on the project relate to maintaining our Yemen office and employing office staff to continue to promote our interests in the country.

(ii) Agreement for Al Hariqah property

In December 2011, the Company entered into an agreement with Piedmont Lithium Limited ("Piedmont", formerly known as WCP Resources Ltd) wherein Piedmont can earn an interest in the Al Hariqah gold project by funding advanced exploration and mine development to commercial production. The staged earn-in agreement allows Piedmont to earn up to a 70% interest in the project after funding a minimum of US$30,000,000 over a seven year period.

Piedmont had two years from February 2012 to exercise an option to commence the earn-in to the project, after which they may earn an initial 40% interest in the project by expending US$5,000,000 within two years. As of May 31, 2014, Piedmont gave notice that they felt they had reached this 40% level; the Company does not agree with this statement. In October, 2014, Piedmont gave additional notice that they would no longer be funding the project. Allocation of ownership of the project has not yet been finalized. In May 2021, the Company received notice from Piedmont that it had assigned its interest in Al Hariqah to Lantern Resources Pty Ltd ("Lantern"), an affiliate and subsidiary of Piedmont. During the year ended July 31, 2023, the Company received notice that Lantern was selling its interest in Al Hariqah to a third party; negotiations to determine and settle the percentages of ownership for the project have not been completed to date.

(c) *Nevada program*

As at January 31, 2024, the Company had four gold exploration claims in the state of Nevada. Reclamation bonds of $76,026 (July 31, 2023 - $66,316) have been posted with the State of Nevada.

(Stated in Canadian dollars)

5. Equipment

	Field equipment	Computer equipment	Total
Cost			
Balance July 31, 2022	$ 637,330	$ 10,480	$ 647,810
Adjustment to Asset Retirement Obligation (Note 9)	(14,075)	-	(14,075)
Balance January 31, 2023	623,255	10,480	633,735
Adjustment to Asset Retirement Obligation (Note 9)	21,224	-	21,224
Balance July 31, 2023	644,479	10,480	654,959
Additions	-	2,287	2,287
Adjustment to Asset Retirement Obligation (Note 9)	(17,925)	-	(17,925)
Balance January 31, 2024	$ 626,554	$ 12,767	$ 639,321
Accumulated depreciation			
Balance July 31, 2022	$ 191,094	$ 5,229	$ 196,323
Depreciation	30,077	1,048	31,125
Balance January 31, 2023	221,171	6,277	227,448
Depreciation	30,076	1,048	31,124
Balance July 31, 2023	251,247	7,325	258,572
Depreciation	30,076	1,163	31,239
Balance January 31, 2024	$ 281,323	$ 8,488	$ 289,811
Carrying amounts:			
As at July 31, 2022	$ 446,236	$ 5,251	$ 451,487
As at January 31, 2023	$ 402,084	$ 4,203	$ 406,287
As at July 31, 2023	$ 393,232	$ 3,155	$ 396,387
As at January 31, 2024	$ 345,231	$ 4,279	$ 349,510

6. Right-of-use assets and lease obligations

	Field equipment
Balance July 31, 2022	$ 349,719
Depreciation	(91,231)
Balance January 31, 2023	258,488
Depreciation	(91,231)
Balance July 31, 2023	167,257
Depreciation	(91,231)
Balance January 31, 2024	$ 76,026

(Stated in Canadian dollars)

6. Right-of-use assets and lease obligations (continued)

In July 2020, the Company entered into a lease agreement with Kel-Ex Developments Ltd. ("Kel-Ex"), a related party (Note 8), for the lease of three drills and an excavator for a two-year term, which ended June 30, 2022. Payments over the term of the lease totaled $393,375 plus GST; monthly payments varied based on the timing of the drill program and whether the equipment is in use or not.

In July 2022, the Company renewed the lease with Kel-Ex for the three drills and excavator. The lease is for a two-year term, ending June 30, 2024. Lease payments over the term of the lease total $396,250 plus GST; monthly payments vary based on the timing of when the equipment is in use.

Interest expense on lease obligations for the six month period ended January 31, 2024 was $3,817 (six month period ended January 31, 2023 – $12,306) and is included in Exploration expenditures. There are no variable lease payments not included in the measurement of lease obligations.

		Lease obligation
Lease obligation, July 31, 2022	$	329,689
Principal payments		(114,375)
Interest on lease obligation		12,306
Lease obligation, January 31, 2023		227,620
Principal payments		(83,750)
Interest on lease obligation		10,607
Lease obligation, July 31, 2023		154,477
Principal payments		(114,375)
Interest on lease obligation		3,817
Lease obligation, January 31, 2024	$	43,919

Total minimum future lease payments for the equipment over the next three years are: 2024 – $45,625; 2025 - $nil.

7. Related party transactions and balances

During the three and six month periods ended January 31, 2024 and 2023, the Company had related party transactions with the following individuals and companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by the Cantex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company, as well as storage of samples and supplies.
- Kel-Ex Development Ltd. ("Kel-Ex") – a private company owned by the Cantex Chairman. Kel-Ex provides administration, payroll and office services to the Company, as well as some shared exploration costs and equipment rentals.
- Element 29 Ventures Ltd. ("Element 29") – a private company owned by the Cantex CEO. Element 29 provides geological consulting services and equipment rentals to the Company.
- FourIrons Consulting ("FourIrons") – a private company owned by the Cantex CFO. FourIrons provides financial consulting services to the Company.
- Metalex Ventures Ltd. ("Metalex") – a publicly listed company with common directors and management. Metalex shares office space with Cantex and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Dimac Consulting ("Dimac") – a private company owned by Kathrine MacDonald, a Director of the Company. Dimac provided administrative and consulting services to the Company.

(Stated in Canadian dollars)

7. Related party transactions and balances (continued)

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

(a) Related party expenses

The Company's related party expenses (net of recoveries) consist of the following amounts:

	Three month periods ended January 31,		Six month periods ended January 31,	
	2024	2023	**2024**	2023
Laboratory and mineralogical costs, including storage fees	**$ 21,166**	$ 306,623	**$ 77,523**	$ 364,789
Geological consulting fees	**83,094**	119,810	**138,083**	143,540
Consulting fees	**72,470**	14,145	**83,769**	28,017
Shared field expenditures	**210,358**	526,079	**585,554**	1,228,346
Shared office and administrative costs	**11,369**	11,840	**19,312**	23,081
	$ 398,457	$ 978,497	**$ 904,241**	$ 1,787,773

The Company's related party expenses to the following related parties:

	Three month periods ended January 31,		Six month periods ended January 31,	
	2024	2023	**2024**	2023
C.F. Mineral Research Ltd.	**$ 21,166**	$ 306,623	**$ 77,523**	$ 364,789
Dimac Capital Corp.	**52,000**	-	**52,000**	-
Element 29 Ventures Ltd.	**144,060**	370,936	**317,555**	502,564
FourIrons Consulting	**20,470**	14,145	**31,769**	28,017
Kel-Ex Development Ltd.	**146,398**	268,567	**393,958**	842,937
Metalex Ventures Ltd.	**14,363**	18,226	**31,436**	49,466
	$ 398,457	$ 978,497	**$ 904,241**	$ 1,787,773

(Stated in Canadian dollars)

7. Related party transactions and balances (continued)

(b) Related party liabilities

The liabilities of the Company include the following amounts due to related parties, which are due on demand and unsecured. Overdue amounts due to C.F. Mineral Research Ltd. may be charged a service charge of 1.5% per month; the remaining balances are non-interest bearing:

	January 31, 2024	July 31, 2023
C.F. Mineral Research Ltd.	**$ 8,523**	$ 43,530
Element 29 Ventures Ltd.	**36,943**	7,935
FourIrons Consulting	**6,219**	1,419
Kel-Ex Development Ltd.	**25,740**	661,930
Metalex Ventures Ltd.	**3,623**	8,761
	$ 81,048	$ 723,575

(c) Key management personnel compensation

	Three month periods ended January 31,		**Six month periods ended January 31,**	
	2024	2023	**2024**	2023
Consulting fees (1)	**$ 123,603**	$ 87,878	**$ 172,926**	$ 125,480

(1) Consulting fees includes amounts paid or accrued for geological consulting fees, financial consulting fees and administrative consulting fees. Geological consulting fees are paid to Element 29 for the services of the Chief Executive Officer; financial consulting fees are paid to FourIrons for the services of the Chief Financial Officer; administrative consulting fees have been paid to Dimac for services provided by a Director of the Company.

8. Asset retirement obligation

The Company's sole asset retirement obligation is based on its ownership of a remote camp location in the Yukon and right-of-use assets in said location that will eventually need to be removed. Management estimated the cost to remove the camp structures and equipment, and the estimated time period during which these costs will be incurred in the future. These costs are expected to be incurred in approximately 6 years. The undiscounted amount of estimated cash flow required to settle the asset retirement obligation is $768,000 (July 31, 2023 - $768,000). The discounted amount of estimated cash flow required to settle the asset retirement obligation as at July 31, 2023 and January 31, 2024 using discounted at a rate of 11.2% (July 31, 2022 – 9.5%) is $406,000.

	North Rackla camp and equipment
Asset retirement obligation, July 31, 2022 and January 31, 2023	$ 363,000
Accretion expense	35,851
Adjustment - Change in estimate (note 5)	7,149
Asset retirement obligation, July 31, 2023 and January 31, 2024	$ 406,000

9. 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*

In November 2022, the Company received proceeds of $1,605,040 from the issuance of 6,003,852 common shares, which were issued as a combination of units and flow through units ("FT Units"); 800,000 units were issued at $0.25/unit, comprising of one non-flow through share and one half of a non-flow through warrant, and 5,203,852 FT Units were issued at $0.27/unit, comprising of on flow through share and one half of a non-flow through warrant. A total of 3,001,926 warrant were issued as part of the private placement, with each whole warrants exercisable at $0.35/share, for a period of two years. The Company paid cash commissions of $17,713 and has incurred other share issuance costs of $14,432 in conjunction with this deal. In addition to cash commissions paid, the Company settled $80,640 in commissions through the issuance of 322,560 units, each unit comprised of one non-flow through common share and one-half of a non-flow through warrant. As part of the commission agreement, the Company issued 375,200 finder's warrants valued at $30,000 using the Black-Scholes option pricing model with an expected life of 2 years, volatility of 73.81%, a risk free rate of 3.97% and dividend rate of 0%; the finder's warrants are also exercisable at $0.35/share, expiring November 17, 2024. A flow through premium liability of $104,000 was recorded on these flow through funds; as at July 31, 2023, the Company had fulfilled its commitment to spend these flow through funds and recovered the full amount in the Statement of Loss and Comprehensive Loss.

In April 2023, the Company received proceeds of $1,268,500 from the issuance of 3,713,851 common shares, which were issued as a combination of units and flow through units ("FT Units"); 2,112,500 units were issued at $0.32/unit, comprising of one non-flow through share and one half of a non-flow through warrant, and 1,601,351 FT units were issued at $0.37/unit, comprising of one flow through share and one half of a non-flow through warrant. A total of 1,856,926 warrants were issued as part of the private placement, with each whole warrant exercisable at $0.45/share, for a period of two years. The Company paid cash commissions of $6,475 and other share issuance costs of $10,985 in conjunction with this deal. As part of the commission agreement, the Company issued 7,000 finder's warrants valued at $1,000 using the Black-Scholes option pricing model with an expected life of 2 years, volatility of 83.61%, a risk free rate of 3.65% and dividend rate of 0%; the finder's warrants are also exercisable at $0.45/share, expiring April 28, 2025. A flow through premium liability of $80,000 was recorded on these flow through funds; as at July 31, 2023, the Company had a remaining commitment of $27,245 in flow through funds. The Company fulfilled this commitment during the six month period ended January 31, 2024 and recovered $3,079 in flow through premiums in the Statement of Loss and Comprehensive Loss.

(Stated in Canadian dollars)

9. Share capital and reserves (continued)

(b) *Issued share capital (continued)*

In September 2023, the Company announced a private placement to raise funds for general operating costs and the Yukon program. From October to November 2023, the Company received total proceeds of $3,823,485 from the issuance of 13,435,207 common shares, which were issued as a combination of units and flow through units ("FT Units"); 5,176,923 units were issued at $0.26/unit, comprising of one non-flow through share and one half of a non-flow through warrant, and 8,258,284 FT units were issued at $0.30/unit, comprising of one flow through share and one half of a non-flow through warrant. A total of 6,717,607 warrants were issued as part of this tranche of the private placement, with each whole warrant exercisable at $0.39/share, for a period of two years from issuance. The Company paid cash commissions of $54,535 and has incurred other share issuance costs of $56,006 in conjunction with this deal. In addition to cash commissions paid, the Company settled $154,000 in commissions through the issuance of 592,308 units, each unit comprised of one non-flow through common share and one-half of a non-flow through warrant. As part of the commission agreement, the Company issued 772,678 finder's warrants valued at $49,100 using the Black-Scholes option pricing model with the following factors:

	Tranche 1	Tranche 2
Expected life	2 years	2 years
Volatility	96.57%	80.84%
Risk free rate	4.89%	4.45%
Dividend rate	0%	0%
Expiration date	October 17, 2025	November 16, 2025

The finder's warrants have the same terms as those issued as part of the Units and FT Units. A flow through premium liability of $330,000 was recorded on these flow through funds, of which $223,193 has been recovered in the Statement of Loss and Comprehensive Loss for the six month period ended January 31, 2024. As at January 31, 2024, the Company had a remaining commitment of $801,858 in flow through funds from this private placement

In December 2023, the Company announced a new financing to raise up to $3,000,000. Over the course of four tranches, the Company received total proceeds of $3,000,190 from the issuance of 10,216,120 common shares, which were issued as a combination of units and flow through units ("FT Units"); 1,616,154 units were issued at $0.26/unit, comprising of one non-flow through share and one half of a non-flow through warrant, and 8,599,966 FT units were issued at $0.30/unit, comprising of one flow through share and one half of a non-flow through warrant. A total of 5,108,063 warrants were issued, with each whole warrant exercisable at $0.39/share, for a period of two years from issuance. The Company incurred commissions of $177,100 in conjunction with this tranche; of this, $65,100 was settled with cash payments, and $112,000 was settled with the issuance of 430,766 units, which were comprised of one non-flow through common share and one half of a non-flow through warrant. As part of the commission agreements, the Company issued 647,766 finder's warrants; the finder's warrants have the same terms as those issued as part of the Units and FT Units and were valued at $75,700 using the Black-Scholes option pricing model with the following factors:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected life	2 years	2 years		2 years
Volatility	87.10%	83.89%		98.46%
Risk free rate	4.05%	3.94%		3.91%
Dividend rate	0%	0%		0%
Expiration date	December 7, 2025	December 15, 2025	(No finders warrants for Tranche 3)	January 16, 2026

(Stated in Canadian dollars)

9. Share capital and reserves (continued)

(b) *Issued share capital (continued)*

A flow through premium liability of $87,000 was recorded on these flow through funds; as at January 31, 2024, the Company had a remaining commitment of $2,579,990 in flow through funds from this private placement.

(c) *Stock options and warrants*

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 7% of the aggregate issued and outstanding common shares (5% prior to the 2022 AGM). 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, unless otherwise determined by the Board of Directors or Exchange regulations, and are exercisable for a period of up to ten years from the date of grant.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number of options	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Exercisable and outstanding, July 31, 2022 and January 31, 2023	1,846,000	$ 2.40	20,956,104	$ 0.51
Granted/Issued	-	$ -	5,402,332	$ 0.38
Expired	(327,000)	$ 0.70	-	$ -
Exercisable and outstanding, July 31, 2023	1,519,000	$ 2.76	26,358,436	$ 0.49
Granted/Issued	-	$ -	13,751,351	$ 0.39
Expired	-	$ -	(4,200,000)	$ 0.65
Exercisable and outstanding, January 31, 2024	1,519,000	$ 2.76	35,909,787	$ 0.43
Exercisable and outstanding, current	**1,519,000**	**$ 2.76**	**35,909,787**	**$ 0.43**

(Stated in Canadian dollars)

9. Share capital and reserves (continued)

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

The following stock options and warrants were outstanding as at January 31, 2024:

	Number		Exercise price	Expiry date
Options	434,000	$	1.00	December 28, 2024
	1,035,000	$	3.60	June 4, 2025
	50,000	$	0.80	March 9, 2025
	1,519,000			
Warrants	16,756,104	$	0.48	March 29, 2024
	3,538,406	$	0.35	November 17, 2024
	1,863,926	$	0.45	April 28, 2025
	1,760,980	$	0.39	October 17, 2025
	5,733,151	$	0.39	November 16, 2025
	292,308	$	0.39	November 23, 2025
	2,937,159	$	0.39	December 7, 2025
	2,145,316	$	0.39	December 15, 2025
	416,667	$	0.39	December 29, 2025
	465,770	$	0.39	January 16, 2026
	35,909,787			

10. Contingencies

As at January 31, 2024, the Company has accrued a total of $150,124, relating relating to the Yemen branch tax audit of the years ended December 31, 2007 to 2012 ($75,648USD) and for the years ended December 31, 2013 to 2018 ($36,410USD).

A notice of assessment was received from the Government of Yemen in December 2014 of $432,845USD for the years ended December 31, 2007 to 2012, which the Company objected to on the basis that incorrect bases were being used in the calculations. In April 2022, the Company received Notice of Assessments from the Government of Yemen in the amount of $271,186USD for the years ended December 31, 2013 to 2018. For both tax audits, the Company provided further evidence to the Government of Yemen regarding the bases used to calculate the assessment and a lower amount was assessed for both, but not finalized. Due to the state of affairs in Yemen, the Company has not yet been able to finalize payment terms of the assessment, but has accrued the reassessed amount as a liability.

In March 2023, the Company received a Notice of Assessment from the Government of Yemen in the amount of $12,565USD relating to the 2019 tax review. In August 2023, the Company received a Notice of Assessment from the Government of Yemen in the amount of $11,889USD relating to the 2020 tax review. As with the assessment received in 2014, the Company prepared objections to these assessments using the argument that the bases used to calculate the assessments were incorrect. Notices of objection were filed with the Government of Yemen in October 2022, March 2023 and August 2023, respectively.

(Stated in Canadian dollars)

10. Contingencies (continued)

As the Company believes that the Notice of Assessments will be reversed or reduced after the objection is reviewed, this tax amount has not been accrued as the eventual amount of the taxes owed is not known as this time. A tax review of the years ended December 31, 2021 and 2022 are currently underway, with no communications received back to date.

11. 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, 2024	2023
Loss		
Canada	**$ 2,064,424**	$ 4,077,747
Yemen	**168,838**	125,813
United States of America	**14,684**	27,627
	$ 2,247,946	$ 4,231,187

	January 31, 2024	July 31, 2023
Reclamation bonds		
United States of America	**$ 67,423**	$ 66,316
Equipment		
Canada	**349,510**	396,387
Right-of-use assets		
Canada	**76,026**	167,257
	$ 492,959	$ 629,960

12. Capital management

The Company includes equity (comprising of issued common shares), reserves and deficit, in its definition of capital.

The Company's objectives 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's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration 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.

12. Capital management (continued)

The Company expects its current capital resources will not be sufficient to complete its exploration plans through its current operating period and it will be required to raise additional funds through future equity issuances or secure other financing. To date, the Company has relied on advances from related parties to fund its operations and exploration activities and expects continued financial support through the next twelve months. The Company is currently not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

13. Financial instruments and risk management

As at January 31, 2024, the Company's financial instruments are cash, receivables, reclamation bonds, trade and other payables and amounts due to related parties. Except for reclamation bonds, the amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature. The reclamation bonds amount reflected in the statement of financial position is its carrying amount, adjusted for foreign exchange rate, and approximated its fair value due to the fixed nature of the asset. These financial instruments are classified as follows:

- Cash and reclamation bonds are comprised of balances held at major financial institutions (in the case of reclamation bonds, these are held through the related government body) that are readily convertible into a known amount of cash and which are only subject to an insignificant risk of change in value, are classified as fair value through profit and loss, and are measured at amortized cost using Level 1 inputs;

- Receivables are classified at amortized cost using the effective interest method; and

- Trade and other payables, amounts due to related parties and lease liabilities are classified at amortized cost using the effective interest rate method.

The Company's financial instruments are exposed to certain financial risks, including currency, credit, liquidity and price risk.

Fair value is defined as the price what would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.

Level 3 – Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

13. Financial instruments and risk management (continued)

Currency risk - The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Yemen and as such, a portion of its expenses are incurred in the local currency and US dollars. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At January 31, 2024, the Company is exposed to currency risk relating to funds held in U.S. dollars and Yemen rials with a value of approximately $83,803 (July 31, 2023: $98,297). The impact of a 5% change in the exchange rates for these currencies to the Canadian dollar would not materially affect decisions of the Company's operations plans.

Credit risk - Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The majority of the Company's cash is held through a large Canadian financial institution with a high investment grade rating.

At January 31, 2024, the Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's receivables consist mainly of GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its partners will default on amounts owing for their portion of exploration expenditures.

Liquidity risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 12 to the condensed consolidated interim financial statements.

Trade and other payables are generally due within 30 days. No significant amounts are past due.

Amounts due to related parties have no fixed terms of repayment, are unsecured and are non-interest bearing, with the exception of invoices received from CF Minerals. This related party has implemented a policy whereby invoices are due upon receipt and past due accounts may be subject to interest of 1.5% per month. As at January 31, 2024, there were no amounts due to CF Minerals that may be charged interest (July 31, 2023 – nil).

Price risk - The Company is exposed to price risk with respect to commodity prices which can impact the Company's ability to raise funding for its exploration and development programs. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.