# CANEX Metals Inc.

## Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three and six months ended March 31, 2024

(Unaudited)

May 27, 2024

## Notice to Reader

The condensed interim consolidated financial statements of CANEX Metal Inc. ("the Company" or "CANEX") for the three and six month periods ended March 31, 2024, are the responsibility of the Company's management. These condensed interim consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company.

The condensed interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

| | |
|---|---|
| "Shane Ebert" | "Chantelle Collins" |
| Shane Ebert<br>President/Director | Chantelle Collins<br>Chief Financial Officer |

# CANEX Metals Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

| | | March 31, 2024 | | September 30, 2023 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash (Note 5) | **$** | **379,240** | $ | 695,912 |
| Accounts receivable (Note 6) | | **3,190** | | 6,197 |
| Prepaid expenses | | **10,578** | | 36,107 |
| Short-term investments (Note 7) | | **56,897** | | 89,842 |
| | **$** | **449,905** | $ | 828,058 |
| **Non-current Assets** | | | | |
| Exploration and evaluation asset advances and deposits (Note 8) | | **51,164** | | 42,966 |
| Exploration and evaluation assets (Note 8) | | **5,598,487** | | 5,053,585 |
| | **$** | **5,649,651** | $ | 5,096,551 |
| **TOTAL ASSETS** | **$** | **6,099,556** | $ | 5,924,609 |
| **EQUITY AND LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued liabilities (Note 9) | | **34,770** | | 59,868 |
| | **$** | **34,770** | $ | 59,868 |
| **Non-current Liabilities** | | | | |
| Decommissioning obligation (Note 10) | | **47,900** | | 38,380 |
| **TOTAL LIABILITIES** | **$** | **82,670** | $ | 98,248 |
| **EQUITY** | | | | |
| Share capital (Note 11) | | **21,436,953** | | 21,135,858 |
| Reserves | | **2,269,299** | | 2,260,775 |
| Deficit | | **(17,689,366)** | | (17,570,272) |
| **TOTAL EQUITY** | | **6,016,886** | | 5,826,361 |
| **TOTAL EQUITY AND LIABILITIES** | **$** | **6,099,556** | $ | 5,924,609 |

**Nature and continuance of operations** (Note 1)
**Subsequent events (**Note 18)

**Approved by the Board**

**"Shane Ebert"**
____________________________ **Director**
**Shane Ebert**

**"Jean Pierre Jutras"**
____________________________ **Director**
**Jean Pierre Jutras**

See accompanying notes to the financial statements.

# CANEX Metals Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)
For the three and six months ended March 31,
(Unaudited - Prepared by Management)

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Expenses** | | | | |
| General and administrative (Note 13) | **$ 58,241** | $ 97,271 | **$ 132,353** | $ 157,499 |
| Reporting to shareholders | **-** | 100 | **3,867** | 4,195 |
| Professional fees | **453** | 1,264 | **5,226** | 11,546 |
| Stock exchange and transfer agent fees | **4,954** | 3,425 | **8,904** | 5,599 |
| Property fees and taxes | **281** | - | **1,518** | - |
| Pre-acquisition expenditures | **-** | 3,381 | **-** | 3,381 |
| | **63,929** | 105,441 | **151,868** | 182,220 |
| **Loss before other items** | **(63,929)** | (105,441) | **(151,868)** | (182,220) |
| **Other items** | | | | |
| Interest and other | **2,307** | 7,634 | **5,774** | 14,473 |
| Gain(loss) from short-term investments | **(31,035)** | - | **27,000** | - |
| | **(28,728)** | 7,634 | **32,774** | 14,473 |
| **Net loss and comprehensive loss for the period** | **$ (92,657)** | $ (97,807) | **$ (119,094)** | $ (167,747) |
| **Basic and diluted loss per share** (Note 16) | **$ 0.00** | **$** 0.00 | **$ 0.00** | $ 0.00 |
| **Weighted average shares outstanding** (Note 16) | | | | |
| **Basic** | **114,180,737** | 95,486,567 | **111,442,794** | 95,261,292 |
| **Diluted** | **114,180,737** | 95,486,567 | **111,442,794** | 95,261,292 |

See accompanying notes to the financial statements.

# CANEX Metals Inc.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
For the three and six months ended March 31,
(Unaudited - Prepared by Management)

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Increase (decrease) in cash** | | | | |
| **Operating activities** | | | | |
| Cash paid to suppliers and contractors | **$ (49,400)** | $ (160,059) | **$ (149,289)** | $ (252,726) |
| **Cash used in operating activities** (Note 16) | **(49,400)** | (160,059) | **(149,289)** | (252,726) |
| **Investing activities** | | | | |
| Interest and other loss | **2,307** | 7,634 | **5,775** | 14,473 |
| Cash received on sale of short-term investments | **-** | - | **59,944** | - |
| Cash expended on exploration deposit | **(8,198)** | - | **(8,198)** | - |
| Cash expended on exploration and evaluation assets (Note 18) | **(41,678)** | (166,532) | **(221,704)** | (266,805) |
| Cash expended on decommissioning obligations | **-** | (13,526) | **-** | (13,526) |
| **Cash used in investing activities** | **(47,569)** | (172,424) | **(164,183)** | (265,858) |
| **Financing activities** | | | | |
| Cash share issue costs | **(1,212)** | (4,486) | **(3,200)** | (6,208) |
| Obligation to issue common shares | **-** | 347,940 | **-** | 347,940 |
| **Cash provided by financing activities** | **(1,212)** | 343,454 | **(3,200)** | 341,732 |
| **Increase (decrease) in cash** | **(98,181)** | 10,971 | **(316,672)** | (176,852) |
| **Beginning of period** | **477,421** | 1,270,740 | **695,912** | 1,458,563 |
| **End of period** | **$ 379,240** | $ 1,281,711 | **$ 379,240** | $ 1,281,711 |

See accompanying notes to the financial statements

# CANEX Metals Inc.
## Condensed Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

| | Common share capital | Equity-settled share based payment | Other Reserves* | Total Reserves | Deficit | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, September 30, 2022** | **20,431,391** | **310,418** | **1,914,896** | **2,225,314** | **(17,034,870)** | **5,621,835** |
| Net and comprehensive loss for the period | - | - | - | - | (167,747) | (167,747) |
| Share issuance - property acquisition | 112,500 | - | - | - | - | 112,500 |
| Share issuance costs | (6,208) | - | - | - | - | (6,208) |
| **Balance, March 31, 2023** | **20,537,683** | **310,418** | **1,914,896** | **2,225,314** | **(17,202,617)** | **5,560,380** |
| Net and comprehensive loss for the period | - | - | - | - | (367,655) | **(367,655)** |
| Options vested | - | 35,461 | - | 35,461 | - | 35,461 |
| Share issuance – April 2023 | 600,000 | - | - | - | - | 600,000 |
| Share issuance costs | (1,825) | - | - | - | - | (1,825) |
| **Balance, September 30, 2023** | **21,135,858** | **345,879** | **1,914,896** | **2,260,775** | **(17,570,272)** | **5,826,361** |
| Net and comprehensive loss for the period | - | - | - | - | **(119,094)** | **(119,094)** |
| Share issuance - property acquisition (Note 8) | 304,295 | - | - | - | - | 304,295 |
| Share issuance costs | (3,200) | - | - | - | - | (3,200) |
| Options cancelled | - | (16,583) | 16,583 | - | - | - |
| Options vested | - | 8,524 | - | 8,524 | - | 8,524 |
| **Balance, March 31, 2024** | **21,436,953** | **337,820** | **1,931,479** | **2,269,299** | **(17,689,366)** | **6,016,886** |

*Other Reserves, is comprised of the aggregate of options and warrants that expired or were forfeited without exercise. These values were relieved from Common share capital, Equity-settled share based payment reserve and Warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the financial statements

### 1. Nature and continuance of operations

CANEX Metals Inc. ("the Company" or "CANEX") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. The address of its primary office is Suite 1620, 734 – 7th Avenue SW, Calgary, Alberta, Canada, T2P 3P8. The Company's common shares are listed on the TSX Venture Exchange under the symbol CANX.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration, and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether mineral properties contain ore reserves that are economically recoverable.

The Company incurred a net loss of $119,094 during the six month period ended March 31, 2024, and has a deficit of $17,689,366 at March 31, 2024. The Company believes it has sufficient working capital to fund its administrative and other operating expenses for the next twelve month period. Operating expenses beyond March 31, 2025, increases in expenditures over budget for the twelve month period ended March 31, 2025, exploration programs and new property acquisitions may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. These uncertainties cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments which could be significant should the Company be unable to continue as a going concern.

### 2. Basis of presentation

#### a) Basis of presentation

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretation of the International Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for decommissioning obligations and financial instruments. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

#### b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Canexco Inc. ("Canexco"). Canexco was incorporated by the Company on June 5, 2019, in Arizona, USA, to conduct its exploration and development business in the USA. All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

### 3. Significant accounting polices

The financial framework and accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited annual consolidated financial statements for the year ended September 30, 2023.

CANEX did not adopt any new accounting policies during the six months ended March 31, 2024.

(Expressed in Canadian Dollars)

### 4. Significant accounting judgments and estimates

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of estimates.

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

Critical estimates include:

a) The carrying values of exploration and evaluation assets that are included in the statement of financial position, including the assumptions that are incorporated into the impairment assessments, and the amount of impairments that are included in the statement of loss and comprehensive loss. (Refer to Note 1 - "Nature of operations and continuance of operations")
b) The estimate of the amount of decommissioning obligation and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the statement of financial position.
c) The estimated fair value of share purchase options and broker warrants requires determining the most appropriate model as well as the applicable inputs.
d) Judgment is required in determining whether or not deferred tax assets are recognized on the statement of financial position.
e) Management's assessment of the Company's ability to continue as a going concern involves making judgements as to whether suitable conditions and events exist to support the Company's future operations and is reassessed at each reporting period.

### 5. Cash

Cash is comprised of:

| | | **March 31, 2024** | | September 30, 2023 |
|---|---|---|---|---|
| Current bank accounts | **$** | **373,784** | $ | 688,000 |
| Cash held in foreign currencies | | **5,456** | | 7,912 |
| | **$** | **379,240** | $ | 695,912 |

### 6. Accounts receivable

| | | **March 31, 2024** | | September 30, 2023 |
|---|---|---|---|---|
| Due from related parties | **$** | **362** | $ | - |
| Sales tax receivables | | **2,828** | | 6,197 |
| | **$** | **3,190** | $ | 6,197 |

(Expressed in Canadian Dollars)

## 7. Short-term investments

| | Number of shares | | Carrying Value |
|---|---|---|---|
| Balance at September 30, 2022 | 5,633,500 | $ | 309,842 |
| Cost base of shares sold | (4,000,000) | | (361,668) |
| Valuation adjustment - (unrealized gain) | - | | 141,668 |
| Balance at September 30, 2023 | 1,633,500 | $ | 89,842 |
| Cost base of shares sold | (599,000) | | (54,160) |
| Valuation adjustment - (unrealized gain) | - | | 21,215 |
| **Balance at March 31, 2024** | **1,034,500** | **$** | **56,897** |

At year end September 30, 2022, the Company held 5,633,500 shares of Spruce Ridge Resources Ltd. with a cost base of $0.0904 per share.

On September 5, 2023, the company sold 4,000,000 shares at $0.04 per share for net proceeds of $158,399 resulting in a realized loss on sale of $203,269 and a net loss of $61,601 at September 30, 2023.

On December 1, 2023, the Company sold 599,000 shares at $0.10 per share for net proceeds of $59,944 resulting in a realized gain on sale of $5,784 and a net gain of $21,215 at March 31, 2024.

The common shares of Spruce Ridge Resources Ltd., were valued at their fair value, based on their respective period-end trading prices, at March 31, 2024, and September 30, 2023. Subsequent to period end March 31, 2024, Spruce Ridge Resources Ltd. announced that through an amalgamation process they changed their name and began trading under Homeland Nickel Inc.

## 8. Exploration and evaluation assets

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3 (e) “Exploration and evaluation assets” of the annual financial statements for the year ended September 30, 2023. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments, and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses, and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company’s ability to recover its costs through a disposition of its interests.

**Louise Lake Property, British Columbia, Canada**
On March 1, 2024, the Company entered into an option agreement to acquire six mineral claims totalling 5,362.95 hectares located in the Omineca Mining Division, British Columbia. Under the terms of the option agreement, the Company will either pay an aggregate of $775,000 in common shares of CANEX or make cash payments, scheduled as follows:

| Due Date | Value of underlying Common Shares |
|---|---|
| Within 10 days of regulatory approval | $10,000 |
| March 1, 2025 | $25,000 |
| March 1, 2026 | $50,000 |
| March 1, 2027 | $90,000 |
| March 1, 2028 | $200,000 |
| March 1, 2029 | $400,000 |
| Total option payments | $775,000 |

Subsequent to the six month period ended March 31, 2024, the Company received regulatory approval for the transaction and on April 8, 2024, the first option payment was made by issuing 200,000 common shares of the Company at a price of $0.05 per share.

**8. Exploration and evaluation assets** (continued)

**Louise Lake Property, British Columbia, Canada** (continued)

The Vendor retains a 2.5% NSR (net smelter royalty) with Canex having the right to buy back 40% of the NSR (1% of the 2.5% NSR) for $1,500,000. A milestone bonus of $50,000 in shares or cash will also be payable if CANEX drills over 4250 metres of core, and a second milestone bonus of $50,000 in shares or cash will be payable if CANEX publishes a resource estimate with greater than 1.5 million contained ounces of gold.

**Gold Range Property, Arizona, USA**

On June 11, 2019, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Gold Range Property, Arizona, USA from a Prospector, the "Optionor". The Gold Range Property, under option, is comprised of three staked lode mineral claims with a total area of 61.98 acres and is located in Mohave County, Arizona, USA.

Under the terms of the agreement, the Company was committed to making certain option payments and minimum exploration expenditures. On June 11, 2023, the Company completed its payment and expenditure obligations and the 100% earn in was completed. The Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000 and the remaining half for US$1,000,000.

On February 24, 2020, the Company's wholly owned subsidiary, Canexco Inc., entered into an arm's length Option Agreement to acquire a 100% interest in the Never Get Left Claim from Onyx Exploration Inc., the "Optionor" which is adjacent to the Company's Pit Zone target on the Gold Range Property located in Mohave County, Arizona, USA. The Never Get Left Claim, under option, is comprised of one staked lode mineral claim with a total area of 20.99 acres.

Under the terms of the agreement, the Company was committed to option payments totaling US$90,000 over four years. On February 24, 2024, the Company made the final payment of $49,314 (US$30,000), extinguishing its payment obligations, and the 100% earn in was complete. The Optionor will retain a 2% NSR, half of which can be bought back by the Company for US$500,000; the remaining half for US$500,000. Additionally, the Company must pay 10% of any profits realized from the processing and recovery of metals from the existing leach pad materials located within the Optionor's claim.

On January 12, 2021, the Company, and its wholly owned subsidiary, Canexco Inc., signed a Letter of Intent ("LOI") allowing the Company to earn into the Excelsior Mine Property ("the Property") from a private vendor, the "Optionor", over 3 Stages and located adjacent to the Company's other Gold Range properties.

On August 31, 2023, the parties signed an amended option agreement whereby all requirements to complete the Stage 2 and Stage 3 earn in obligations of the original agreement were removed. In exchange, the Company would earn a 100% interest in the Property by issuing 8,694,170 shares and paying US$120,000 in cash. The Optionor will continue to hold a 1.5% NSR as outlined in the original agreement and the Company will retain a right of first refusal (ROFR), should this royalty ever be offered for sale. In addition, until August 31, 2030, should the Company be subject to any event that would impact the creditors rights that is not cured in 30 days, it will deliver the mine property back to the Vendor under the reversion clause of the agreement.

On September 5, 2023, the Company gave notice of its intention to exercise the option, contained in the amended agreement, to acquire 100% ownership of the Excelsior mine property.

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets** (continued)

**Gold Range Property, Arizona, USA** (continued)

On November 29, 2023, 8,694,170 of the Company's common shares, valued at $0.035 per share (total value - $304,295 were issued plus US$120,000 cash (CAD$166,058) was paid and the 100% purchase was completed.

As at March 31, 2024, the Company holds 261 lode mining claims and 2 patented claims (approximately 1650 hectares) in respect of the Gold Range Property, including acquisitions via the option agreements noted above as well as staking. The area has seen historic lode and placer gold production but limited modern lode gold exploration. The gross costs and impairments recorded to the Gold Range Property at March 31, 2024, are $5,589,754 and $nil respectively (September 30, 2023 - $5,053,585 and $nil).

**Gibson Prospect, British Columbia**

On May 17, 2017, the Company had signed a purchase agreement and received exchange approval to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The Company also assumed the obligations of an underlying option agreement with Steven Scott. The gross costs and impairments recorded to the Gibson Prospect as at March 31, 2024, and September 30, 2023 are $473,527 and $473,527 respectively.

During the year ended September 30, 2021, the Company determined that further exploration on this property would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. In November 2023, the Company received a further extension to meet its minimum exploration expenditures of $500,000 to August 30, 2024. All other terms of the option agreement remain unchanged.

As at March 31, 2024, under the terms of the Agreement, the Company is committed to the following share issuances and minimum exploration expenditures:

| | Altius | |
|---|---|---|
| | Share issues | Minimum Exploration Expenditures* |
| | | ($) |
| Expenditure commitment, on or before August 30, 2024 | - | 500,000 |
| Following the completion of the Expenditure Commitment | 1,240,000 | - |
| Total remaining commitment | 1,240,000 | 500,000 |

* - as at March 31, 2024, the Company has incurred exploration expenditures of $293,500

In addition, Altius will retain a right to purchase an underlying 1.5% NSR and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

(Expressed in Canadian Dollars)

## 8. Exploration and evaluation assets (continued)

**Summary exploration and evaluation expenditures:**

A summary of exploration and evaluation expenditures by category for the six month period ended March 31, 2024, and year ended September 30, 2023, follows:

| Six month period ended March 31, 2024 | | Arizona USA Gold Range Property | | BC Canada Louise Property | | Total |
|---|---|---|---|---|---|---|
| **Exploration expenditures:** | | | | | | |
| **Balance, September 30, 2023** | $ | 4,274,794 | $ | - | $ | 4,274,794 |
| Field Costs | | 15,715 | | - | | 15,715 |
| Decommissioning | | 9,520 | | - | | 9,520 |
| **Balance, March 31, 2024** | **$** | **4,300,029** | **$** | **-** | **$** | **4,300,029** |
| **Property acquisition costs:** | | | | | | |
| **Balance, September 30, 2023** | | 778,791 | | - | | 778,791 |
| Acquisition costs incurred | | 510,934 | | 8,733 | | 519,667 |
| **Balance, March 31, 2024** | | **1,289,725** | | **8,733** | | **1,298,458** |
| **Total Exploration and evaluation assets, March 31, 2024** | | **5,589,754** | | **8,733** | | **5,598,487** |

| Year ended September 30, 2023 | Arizona, USA Gold Range Property $ |
|---|---|
| **Exploration expenditures:** | |
| **Balance, September 30, 2022** | 3,419,909 |
| Geological consulting | 141,331 |
| Field costs | 8,040 |
| Equipment rental | 12,088 |
| Travel | 54.094 |
| Geophysical survey | 14,896 |
| Geochemical | 224,724 |
| Drilling | 368,568 |
| Resource evaluation | 31,144 |
| **Balance, September 30, 2023** | **4,274,794** |
| **Property acquisition costs:** | |
| **Balance, September 30, 2022** | 493,132 |
| Acquisition costs incurred | 285,659 |
| **Balance, September 30, 2023** | **778,791** |
| **Total Exploration and evaluation assets, September 30, 2023** | **5,053,585** |

From time to time the Company is required to pay a deposit or bond to a government agency prior to their commencing exploration work on the mineral interest. The advances are held until reclamation work is complete and the Company makes application to have the deposit or bond returned. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. On March 31, 2024, the Company held $10,000 in respect of the Gibson Prospect and $41,164 in respect of the Gold Range Project in exploration and evaluation asset advances and deposits (September 30, 2023 - $10,000 and $32,966 respectively).

(Expressed in Canadian Dollars)

### 9. Accounts payable and accrued liabilities

| | | March 31, 2024 | | Sept. 30, 2023 |
|---|---|---|---|---|
| Trade payables | $ | **10,124** | $ | 8,903 |
| Due to related parties | | **23,417** | | 11,840 |
| GST payable | | **17** | | - |
| Accrued liabilities | | **1,212** | | 39,125 |
| | $ | **34,770** | $ | 59,868 |

### 10. Decommissioning obligation

Changes in the decommissioning obligation:

| | | March 31, 2024 | | Sept. 30, 2023 |
|---|---|---|---|---|
| Balance, beginning of period | $ | **38,380** | $ | 51,906 |
| Change in assumptions | | **9,520** | | - |
| Expenditures | | **-** | | (13,526) |
| | $ | **47,900** | $ | 38,380 |

The above noted provision represents estimated costs to restore the Company's mineral property which includes the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal obligations as at the respective period end dates for current and future decommissioning obligations. The period end present value of the decommissioning obligation was determined using a risk-free rate of 3.99% (September 30, 2023 – 4.87%). The estimated total undiscounted amount, using an inflation rate of 3.94% (September 30, 2023 – 4.12%) for the six month period ended March 31, 2024 is $51,872 (year ended September 30, 2023 - $41,508). The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land use permits expire, at which time the reclamation must have been completed. No accretion expense has been recorded in the current period because the amount is immaterial.

### 11. Share capital, stock options and warrants

a) **Authorized**

Unlimited number of common shares without par value

b) **Issued and outstanding common share capital**

| | Shares | Value $ |
|---|---|---|
| **Balance, as at September 30, 2023** | **105,486,567** | **21,135,858** |
| Share issuance – property acquisition | 8,694,170 | 304,295 |
| Share issuance costs | - | (3,200) |
| **Balance, as at March 31, 2024** | **114,180,737** | **21,436,953** |

| | Shares | Value $ |
|---|---|---|
| **Balance, as at September 30, 2022** | **94,486,567** | **20,431,391** |
| Shares issued for property – November 2022 | 1,000,000 | 112,500 |
| Share issuance – April 2023 | 10,000,000 | 600,000 |
| Share issuance costs | - | (8,033) |
| **Balance, as at September 30, 2023** | **105,486,567** | **21,135,858** |

(Expressed in Canadian Dollars)

**11. Share capital, stock options and warrants** (continued)

**b) Issued and outstanding common share capital** (continued)

**Six month period ended March 31, 2024**

On November 29, 2023, 8,694,170 common shares were issued in accordance with the Excelsior Mine Property amended option agreement. The share issuance was valued using the trading price on the date of issue. (Note 8 - “Exploration and evaluation assets”).

**Year ended September 30, 2023**

On November 11, 2022, 1,000,000 common shares were issued in accordance with the Excelsior Mine Property option agreement. The share issuance was valued using the closing share price on the transaction date.

On April 3, 2023, the Company closed a non-brokered private placement financing for 10,000,000 common shares at a price of $0.06 per share for gross proceeds of $600,000. Related parties, comprised of officers and directors, acquired 1,835,869 of the common shares issued.

During the period subsequent to the date of these financial statements 200,000 shares were issued at a price of $0.05 per share in accordance with the Louise Lake Property option agreement, (Note 8 - “Exploration and evaluation assets”)

**c) Stock options outstanding**

| | Number of options | | Exercise |
|---|---|---|---|
| Expiry | March 31, 2024 | September 30, 2023 | Price |
| July 27, 2024 | **1,450,000** | 1,575,000 | $0.15 |
| September 23, 2024 | **1,125,000** | 1,200,000 | $0.06 |
| October 4, 2024 | **710,000** | 710,000 | $0.055 |
| May 1, 2027 | **1,462,500** | 1,525,000 | $0.18 |
| July 11, 2026 | **400,000** | 400,000 | $0.06 |
| | **5,147,500** | 5,410,000 | |

The Company has an option plan (the Plan), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time.

**d) Stock option transactions**

**Six month period ended March 31, 2024**

| | Number of options | Weighted average exercise price |
|---|---|---|
| **Balance, September 30, 2023** | 5,410,000 | $0.12 |
| Cancelled | (262,500) | $0.13 |
| **Balance, March 31, 2024** | 5,147,500 | $0.12 |

(Expressed in Canadian Dollars)

**11. Share capital, stock options and warrants** (continued)

**d) Stock option transactions** (continued)

**Year ended September 30, 2023**

| | Number of options | Weighted average exercise price |
|---|---|---|
| **Balance, September 30, 2022** | 5,010,000 | $0.12 |
| Issued | 400,000 | $0.06 |
| Exercised | - | - |
| Expired | - | - |
| **Balance, September 30, 2023** | 5,410,000 | $0.12 |

During the period subsequent to the date of these financial statements, no stock options were issued nor expired and none were exercised.

**e) Warrant transactions and warrants outstanding**

The warrants summarized below may be exercised to acquire an equal number of common shares.

**Three-month period ended March 31, 2024**

| Exercise Price | Expiry | Balance Sept 30, 2023 | Warrants Exercised | Warrants Issued | Balance March 31, 2024 |
|---|---|---|---|---|---|
| $0.18 | May 27, 2024 | 9,615,458 | - | - | **9,615,458** |

During the period subsequent to the date of these financial statements, no warrants were issued nor expired and none were exercised.

**12. Financial instruments**

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

**12. Financial instruments** (continued)

The following summarizes the categories of the various financial instruments:

| | | March 31, 2024 | | September 30, 2023 |
|---|---|---|---|---|
| | | Carrying Value | | |
| **Financial Assets** | | | | |
| **Financial assets measured at fair value:** | | | | |
| Short-term investments | **$** | **56,897** | $ | 89,842 |
| **Financial asset measured at amortized cost:** | | | | |
| Cash | **$** | **379,240** | $ | 695,912 |
| Accounts receivable | | **362** | | - |
| | **$** | **379,602** | $ | 695,912 |
| **Financial Liabilities** | | | | |
| **Financial liabilities measured at amortized cost:** | | | | |
| Accounts payable and accrued liabilities | **$** | **34,753** | $ | 59,868 |

The above noted financial instruments are exclusive of any sales tax. The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. At March 31, 2024, the Company had US$4,019 ($5,456) in a US denominated bank account (September 30, 2023 - US$5,852, ($7,912)). The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of $402 (September 30, 2023 - $585). Additionally, on March 31, 2024, accounts payable and accrued liabilities include liabilities of US$nil, ($nil) (September 30, 2023 - US$4,290 ($5,753)), that must be settled in US$. The effect of a foreign currency increase of decrease of 10% on this liability would result in an increase or decrease of $nil (September 30, 2023 – $429) to the amount payable.

**13. General and administrative**

| | Three months ended Mar 31 | | | | Six months ended Mar 31 | | | |
|---|---|---|---|---|---|---|---|---|
| | | **2024** | | 2023 | | **2024** | | 2023 |
| Administrative consulting fees | **$** | **31,562** | $ | 65,523 | **$** | **76,256** | $ | 105,351 |
| Stock-based compensation | | **3,599** | | - | | **8,524** | | - |
| Occupancy costs | | **5,671** | | 4,697 | | **11,343** | | 9,394 |
| Office, secretarial and supplies | | **10,625** | | 13,317 | | **23,218** | | 22,116 |
| Travel and promotion | | **601** | | 8,087 | | **873** | | 8,376 |
| Insurance | | **3,930** | | 3,939 | | **7,860** | | 7,877 |
| Directors' fees | | **1,500** | | 1,000 | | **3,000** | | 2,500 |
| Network and website | | **753** | | 708 | | **1,279** | | 1,885 |
| | **$** | **58,241** | $ | 97,271 | **$** | **132,353** | $ | 157,499 |

(Expressed in Canadian Dollars)

### 14. Stock-based payment transactions

During the six month period ended March 31, 2024, the Company did not issue any options, but recognized stock-based compensation related to options that were issued in July of 2023 that will vest over the following 12 months.

During the six month period ended March 31, 2023, the company did not issue any options nor recognize any stock-based payment expense.

### 15. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") by virtue of common officers and directors. In addition, related parties include members of the Board of directors, officers and their close family members. Vector Resources Inc., a company controlled by Shane Ebert, President, and director of CANEX; 635280 Alberta Ltd., a company controlled by Jean Pierre Jutras, an officer and director of CANEX are also considered related parties. The Company incurred the following amounts charged to (by) related parties:

| | | Three months ended March 31 | | Six months ended March 31 | |
|---|---|---|---|---|---|
| | | **2024** | 2023 | **2024** | 2023 |
| | **Note** | | | | |
| **Key management remuneration:** | | | | | |
| President and director | a) | **$ (20,325)** | $ (41,650) | **$ (29,075)** | $ (61,075) |
| Corporate secretary | b) | **(8,445)** | (11,154) | **(19,470)** | (18,474) |
| Chief financial officer | c) | **-** | - | **-** | (300) |
| Director's fees | d) | **(1,500)** | (1,000) | **(3,000)** | (2,500) |
| | | **$ (30,270)** | $ (53,804) | **$ (51,545)** | $ (82,349) |
| **Other related party transactions:** | | | | | |
| **Jade Leader Corp. ("Jade Leader")** | | | | | |
| Office rent and operating costs paid | e) | **$ (5,761)** | $ (4,697) | **$ (11,716)** | $ (9,394) |
| General and administrative and secretarial costs paid | e) | **$ (990)** | $ (1,289) | **$ (2,794)** | $ (2,632) |
| General and administrative and secretarial costs received | e) | **$ 361** | $ 147 | **$ 361** | $ 463 |
| **635280 Alberta Ltd.** | | | | | |
| Geological consulting services | f) | **$ (613)** | $ (9,013) | **$ (1,006)** | $ (9,363) |

The following amounts were receivable from or due to related parties at the respective period ends:

| **Balances Receivable (Payable)** | | **March 31, 2024** | September 30, 2023 |
|---|---|---|---|
| **Consulting fees:** | | | |
| President and director | a | **$ (11,419)** | $ (6,615) |
| **General and administrative and secretarial costs:** | | | |
| Jade Leader | e | **$ (678)** | $ (1,452) |
| Corporate secretary | b | **$ (3,209)** | $ (2,795) |
| 635280 Alberta Ltd. | f | **$ (413)** | - |
| Director's fees | d | **(1,500)** | - |
| President and director | a | **$ (6,250)** | $ (979) |

(Expressed in Canadian Dollars)

**15. Related party balances and transactions and key management remuneration** (continued)

Management compensation payable to “key management personnel” during the respective three and six month periods is reflected in the table above and consists of consulting fees paid to the President, the CFO, and the Corporate Secretary and directors’ fees. Officers and directors are also compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the six month periods ended March 31, 2024, nor March 31, 2023.

**a)** The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets.

**b)** The Corporate Secretary provides services to the Company on a contract basis.

**c)** The Chief financial officer provides services to the Company on a contract basis.

**d)** The Company pays directors who are not officers of the Company $500 for meeting attendance in person or by telephone. As at March 31, 2024, there are three directors who are not officers and the amounts above reflect directors’ fees paid or payable for meetings attended during the above-noted periods.

**e)** Jade Leader incurred certain administrative expenses on the Company’s behalf that are subsequently billed to the Company on a quarterly basis. Further, the Company incurred certain administrative costs on behalf of Jade Leader that are billed on a quarterly basis. The Company has leased office space from Jade Leader since April 1, 2015. Jade Leader and the Company share two common officers and two common directors.

**f)** During the six month period ended March 31, 2024 and 2023, geological consulting services were provided by 635280 Alberta Ltd.

Related party transactions were measured at the amounts agreed to by the transacting parties.

**16. Supplemental disclosure statement of cash flows**

Reconciliation of cash used in operating activities to operating loss:

| | Three months ended March 31 | | Six months ended March 31 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Loss before other items | $ **(63,929)** | $ (105,441) | $ **(151,868)** | $ (182,220) |
| Stock-based compensation | **3,599** | - | **8,524** | - |
| Changes in assets and liabilities pertaining to operations | | | | |
| Accounts receivable | **4,575** | (6,831) | **1,458** | (7,408) |
| Prepaid expenses | **15,068** | (38,530) | **25,528** | (36,475) |
| Accounts payable and accrued liabilities | **(8,713)** | (9,257) | **(32,931)** | (26,623) |
| Cash paid to suppliers and contractors | $ **(49,400)** | $ (160,059) | $ **(149,289)** | $ (252,726) |

(Expressed in Canadian Dollars)

**16. Supplemental disclosure statement of cash flows** (continued)

Reconciliation of cash expended on exploration and evaluation assets:

| | Three months ended March 31 | | Six months ended March 31 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Change in exploration and evaluation assets | **$ (65,029)** | $ (384,773) | **$ (544,902)** | $ (563,442) |
| Share issuance (Note 8) | **-** | - | **304,296** | 112,500 |
| Decommissioning asset | **-** | - | **9,520** | - |
| Changes in assets and liabilities pertaining to exploration and evaluation assets: | | | | |
| Accounts receivable | **-** | (1,159) | **1,549** | (2,073) |
| Accounts payable and accrued liabilities | **23,351** | 219,400 | **7,833** | 186,210 |
| Cash expended on exploration and evaluation assets | **$ (41,678)** | $ (166,532) | **$ (221,704)** | $ (266,805) |

**17. Segment disclosures**

During the six month periods ended March 31, 2024, and March 31, 2023, and the year ended September 30, 2023, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada and/or the United States. Activities undertaken in both countries were similar in nature. As at March 31, 2024, the value of non-current assets associated with United States operations is $5,630,918 (September 30, 2023 - $5,086,551) including exploration and evaluation asset advances and deposits of $41,164 (September 30, 2023 - $32,966) and exploration and evaluation assets of $5,589,754 (September 30, 2023 - $5,053,585). All remaining non-current assets are associated with Canadian operations. Consequently, segmented information is not presented in these financial statements. Refer to Note 8 – "Exploration and evaluation assets" for details of the carrying amounts of these assets at the respective period ends.

**18. Subsequent events**

On April 4, 2024, the Company received TSX Venture Exchange approval for the option agreement on the Louise Lake Property copper-gold porphyry deposit in British Columbia. On April 8, 2024, under the terms of the agreement, the Company made the initial option payment of $10,000 by issuing 200,000 shares at a price of $0.05 per share. Refer to Note 8 – "Exploration and evaluation assets" for more details regarding the transaction.

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of CANEX Metals Inc. ("CANEX Metals" or "the Company") and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three and six months ended March 31, 2024 ("Q2 2024") and related notes thereto as well as the Audited Consolidated Financial Statements for the year ended September 30, 2023 and related notes thereto. The date of this MD&A is May 27, 2024. CANEX Metals common shares trade on the TSX Venture Exchange under the symbol "CANX". The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ('SEDAR") and can be accessed at www.sedar.com.

The Company's Unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended March 31, 2024, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the IFRS accounting policies adopted in the Annual Consolidated Financial Statements as at and for the year ended September 30, 2023. The Company has consistently applied the same accounting policies throughout all periods presented. The Company's accounting policies are provided in Note 3 "Significant accounting policies" to the annual Consolidated Financial Statements as at September 30, 2023. All dollar amounts are in Canadian dollars unless otherwise noted.

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for CANEX Metals' exploration projects in the following MD&A is Dr. Shane Ebert, P. Geo., a Professional Geologist, registered in the Province of British Columbia and the President and Director of CANEX Metals. The scientific and technical information concerning such properties contained herein has been reviewed by Dr. Ebert.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and future plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company’s business including, but not limited to: general market and economic conditions, limited operating history, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the market place that will cause suppliers’ prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work.

All forward-looking information is stated as of the effective date of this document and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

## 1. Principal Business of the Company

CANEX Metals, including its wholly owned subsidiary, Canexco Inc. (“Canexco”), is engaged exclusively in the business of mineral exploration and development and, as the Company has no mining operations and no earnings there from, it is considered to be in the exploration stage. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the mineral properties where necessary and upon future profitable production; or, alternatively, upon the Company’s ability to recover its costs through a disposition of its interests. The Company’s philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible, or the property can be sold outright.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company’s mineral properties are in production. Consequently, the Company’s net income is a limited indicator of its performance and potential.

## 2. Highlights

- In March 2024, the Company undertook a surface sampling and mapping program designed to fill in surface sampling and mapping gaps within and surrounding the WestGold area to aid in future drill planning. Additional target areas on the property were also advanced and evaluated as future drill targets.
- Also in March 2024, the Company announced that it had entered into an option agreement to earn 100% interest in the Louise Lake Project located within the Omenica Mining Division, British Columbia. The project is road accessible, contains an historic copper-gold-molybdenum resource and has only been explored to shallow depths. There are no expenditure commitments allowing CANEX to advance the project as market conditions allow. Option payments in shares or cash of $775,000 are scheduled over the next 5 years. A milestone bonus of $50,000 in shares or cash will also be payable if CANEX drills over 4250 metres of core, and a second milestone bonus of $50,000 in shares or cash will be payable if CANEX publishes a resource estimate with greater than 1.5 million contained ounces of gold. The vendor will retain a 2.5% net smelter royalty (NSR), with CANEX having the right to buy back 40% of the NSR for $1,500,000 and a right of first refusal on any sale of the royalty. The transaction is subject to TSX Venture Exchange approval and subsequent to quarter end CANEX received notice that the application had been approved and the first option payment of $10,000 was made by issuing 200,000 common shares of the company at $0.05 per share.
- In February 2024, Canexco acquired 100% ownership of the Never Get Left claim, which is part of the larger Gold Range Property, by making the final option payment of $US30,000 ($CAD40,581). The optionor retains a 2% NSR which Canexco can acquire for $US1 million.
- In January 2024, the Company filed an exploration permit amendment for the Gold Range Property to allow for new drill pads at the WestGold area to further expand upon a new gold discovery. The permit amendment has been accepted, allowing for the construction of an additional 34 pads. The acceptance also included the requirement for an additional $US6,060 ($CAD 8,198) payment to increase the reclamation bond to include the expanded area which was made during the six month period ended March 31, 2024.
- In December 2023, the Company sold 4,000,000 common shares of Spruce Ridge Resources Ltd. that were previously acquired under a property exchange agreement. Net proceeds of $59,944 were received and a realized gain of $5,784 was recognized in earnings for the six month period ended March 31, 2024. The Company continues to hold 1,034,500 shares that are available for sale as opportunities arise. Subsequent to period end March 31, 2024, Spruce Ridge Resources Ltd. announced that through an amalgamation process they changed their name and began trading under Homeland Nickel Inc.
- In November 2023 the Company acquired a 100% interest in the previously optioned Excelsior Mine Property by issuing the Vendors 8,694,170 CANEX shares and paying US$120,000 in cash. This deal consolidated ownership of the Excelsior gold deposit, removed various deadlines, and eliminated up to C$3.5 million in potential expenditures and payments over the next 3.5 years.

## 3. Mineral Properties

### Gold Range Property, Arizona, USA

The Gold Range Property is in Northern Arizona within an area that has seen historic lode and placer gold production but limited modern gold exploration. CANEX first became interested in the Gold Range property in 2019, following the discovery of a quartz vein containing abundant visible gold by a local prospector in an area termed the Discovery Zone. Subsequent mapping and soil and rock sampling identified a 1000-metre-long linear trend of historic workings and exposed quartz veins centered around the Adit zone. Additional programs of surface sampling, mapping, trenching, airborne magnetic and lidar surveying, along with reverse circulation drilling have resulted in further expansion of the claim holdings and the recognition of a 4-kilometre-long mineralized corridor stretching from the Eldorado to Excelsior to WestGold Zones.

As of March 31, 2024, the Gold Range Property consists of 261 lode mining claims and 2 patented claims and is approximately 1650 hectares in size. The Company has drilled 15,412 metres in 138 holes and defined bulk tonnage oxide mineralization at the Excelsior, Eldorado, Malco, Central, and WestGold Zones. The oxide gold zones extend to surface and positive bottle roll metallurgical test work suggests mineralization is amenable to low cost heap leach extraction.

Drilling highlights from across the property include:

Hole GR21-57: 1.0 g/t gold over 59.45 metres (Excelsior)
Hole GR21-37: 1.6 g/t gold over 35.1 metres (Excelsior)
Hole GR21-46: 2.2 g/t gold over 18.3 metres (Excelsior)
Hole GR22-82: 9.7 g/t gold over 1.5 metres (Excelsior)
Hole GR22-90: 1.2 g/t gold over 12.19 metres (Excelsior)
Hole GR23-131: 4.1 g/t gold over 6.1 metres (Excelsior)
Hole GR22-97: 1.4 g/t gold over 6.1 metres (East of Excelsior)
Hole Gr23-127: 2.3 g/t gold over 3.1 metres (East of Excelsior)
Hole GR22-91: 0.6 g/t gold over 27.44 metres (Central)
Hole GR22-110: 1.1 g/t gold over 27.4 metres (Shaft)
Hole GR21-25: 1.3 g/t gold over 21.3 metres (Eldorado)
Hole GR20-4: 10 g/t gold over 1.5 metres (Eldorado)
Hole GR23-118: 0.2 g/t gold over 54.9 metres (WestGold)
Hole GR23-120: 0.7 g/t gold over 35 metres (WestGold)

During 2023 the Company completed surface exploration programs at Gold Range, a LiDar and air photo survey, and drill tested three new target areas defined previously, including WestGold, the zones parallel to Excelsior, and the new Shaft discovery. The WestGold target contains the largest and highest-grade gold in soil anomaly defined on the Gold Range property to date and the Company's drill test of that target has resulted in a new and potentially very significant gold discovery that will be an important focus for the Company moving forward.

During 2024 the Company successfully obtained a permit amendment allow for additional drilling at the new WestGold discovery, and in March 2024 completed a field program focusing on refining drill targets in the WestGold area.

On February 24, 2024, the Company completed an option agreement and acquired 100% ownership in the Never Get Left Prospect claim by making the final option payment of $US30,000 ($CAD40,581). Under the terms of the agreement the optionor will retain a 2% NSR. Canexco can purchase half (1%) of the NSR for $US500,000 and the remaining half (1%) for an additional $US500,000.

On November 29, 2023, the Company and its 100% owned Arizona subsidiary CANEXCO Inc. announced the completion of the Excelsior Mine Property 100% purchase as defined in the Amended Excelsior Mine Property Option Agreement. On August 31, 2023, the Company successfully negotiated new terms whereby the parties agreed to remove all requirements to complete the Stage 2 and Stage 3 earn in obligations in exchange for a one-time share and cash payment. Under the amended agreement CANEX earned a 100% interest in the Excelsior Mine Property in exchange for issuing 8,694,170 CANEX shares and paying US$120,000 (CAD$166,058) in cash. The Vendors will retain a 1.5% NSR and CANEX retains a right of first refusal on the sale of the royalty. In addition, until August 31, 2030, should the Company be subject to any event that would impact the creditors rights that is not cured in 30 days, they will deliver the mine property back to the Vendor under the reversion clause of the agreement. The Excelsior Mine Property consists of 11 lode mining claims and 2 patented mining claims covering 3 past producing historic gold mines located within the Company's larger Gold Range Project in Arizona. CANEX has drilled 72 holes into the main Excelsior deposit, defining a moderately dipping gold mineralized zone up to 400 meters long by 20 to 60 metres wide, that has been traced at least 100 metres down dip.

Operational highlights for the last eight quarters:

- Results from the third drill program – December, 2021 to June, 2022
- Fourth drill program conducted – Commencing May, 2022 – paused as of mid-July 2022

- Acquisition of "Never Get Left Prospect" claim – October 24, 2022
- Results from surface sampling conducted during Q4 2022 – November 22, 2022
- Results from fourth drill program released – December, 2022 to January 2023
- Preliminary surface sampling and mapping of the WestGold target – December 2022
- CANEX stakes 17 additional claims – January 2023
- Surface exploration program, Shaft and WestGold targets – January 2023
- Fifth drill program conducted – March 2023 – April 2023
- The Company acquired 100% ownership in Excelsior property – November 2023
- Amended exploration permit received – March 2024
- The Company acquires 100% ownership in the Never Get Left Claim – February 2024
- Field mapping and soil sampling conducted – March 2024

The gross costs and impairments recorded to the Gold Range Property at March 31, 2024, are $5,589,754 and $nil, respectively (September 30, 2023 - $5,053,585 and $nil).

**Louise Lake, British Columbia**

In March 2024, the Company entered into an option agreement, with no spending requirements, to earn a 100% interest in the Louise Lake Property subject to regulatory approval and certain scheduled option payments. The project offers a low-risk, high value opportunity with untested discovery potential that can be advanced as market conditions allow. The property is located approximately 35 kilometres west of Smithers, in west central British Columbia, It is road accessible and previous drilling has returned strong copper and gold grades including 0.41% copper and 0.40 g/t gold over 158 metres and several holes indicating increasing grades with depth.
In Q2 2024, in conjunction with signing the agreement, CANEX advanced $8,733 to the optionor to stake certain claims that are contained within the 5,362.94 hectare, optioned property and subject to the terms of the agreement.

The Company is assembling and analyzing the historic data for the Louse Project and will formulate an exploration plan for the project once data interpretation is complete.

Subsequent to the end of the current period ended March 31, 2024, the Company received regulatory approval for the transaction and the first option payment of $10,000 was made by issuing 200,000 common shares of the Company at $0.05 per share. For more information, refer to Section 7 a) "Contractual obligations" below.

**Gibson Prospect, British Columbia**

In 2017 the Company entered into an option agreement with owner Altius Resource Inc. ("Altius") to acquire a 100% interest in the Gibson property located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The Company conducted surface mapping and sampling, trenching, and drilled 10 holes into the Gibson property in 2017 and 2018. This work resulted in strong precious metal results including:

Hole G18-01: 0.81 g/t gold and 40 g/t silver over 31.5 metres from 33.5 metres depth
Trench 1: 1.6 g/t gold and 175 g/t silver over 12.0 metres
Hole G18-01: 3.7 g/t gold and 321 g/t silver over 2.5 metres from 54 metres depth
Hole G18-01: 11.9 g/t gold and 301 g/t silver over 1.0 metres from 64 metres depth
Hole G18-03: 2.7 g/t gold and 872g/t silver over 0.5 metres from 19 metres depth

The Company has identified promising precious metal potential at Gibson and the mineralized zone remains open in all directions under shallow cover.

During the year ended September 30, 2021, the Company determined that further exploration on this property, would no longer be a priority unless a third-party partner could be found to further advance the exploration program; however, the Company continues to hold claims which expire in January 2029. Accordingly, the

Company recorded an impairment of the full amount of exploration expenditures to September 30, 2021. In November 2023, the Company received a further extension to meet its minimum exploration expenditures to August 30, 2024. All other terms of the option agreement remain unchanged. For more information, refer to Section 7 b) "Contractual obligations" below.

## 4. Operating results

A summarized statement of operations appears below to assist in the discussion that follows:

| | Three months ended, March 31 | | Six months ended, March 31 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | **2023** |
| General and administrative | **$ (58,241)** | $ (97,271) | **$ (132,353)** | $ (157,499) |
| Reporting to shareholders | **-** | (100) | **(3,867)** | (4,195) |
| Professional fees | **(453)** | (1,264) | **(5,226)** | (11,546) |
| Stock exchange and transfer agent fees | **(4,954)** | (3,425) | **(8,904)** | (5,599) |
| Pre-acquisition expenditures | **-** | (3,381) | **-** | (3,381) |
| Property fees and taxes | **(281)** | - | **(1,518)** | - |
| Interest and other | **2,307** | 7,634 | **5,774** | 14,473 |
| Gain (loss) on short-term investments | **(31,035)** | - | **27,000** | - |
| **Net and comprehensive loss** | **$ (92,657)** | $ (97,807) | **$ (119,094)** | $ (167,747) |

The most significant changes in expenditures follow:

- Variances in general and administrative expenditures and professional fees are examined in further detail in the chart below.
- Reporting to shareholders' expenditures during the three and six month periods ended March 31, 2024, and 2023, include fees for filing the annual audited financial statements and are consistent year over year.
- Stock exchange and transfer agent fees relate to equity transactions and the fees charged are influenced by the value and number of instruments. During three and six months ended March 31, 2024, 304,296 common shares were issued from treasury compared to the same periods in 2023 when 112,500 common shares were issued.
- Pre-acquisition expenditures incurred in the three and six months ended March 31, 2023, relate to lease research conducted during the period for exploration and evaluation properties. There were no similar expenditures in the current period.
- Property fees and taxes are regulatory taxes and maintenance fees incurred on mineral properties that may not be recoverable in the future and are therefore expensed as incurred. During the three and six month periods ended March 31, 2024, the expenses were paid to various US jurisdictions for property maintenance, no expenditures were incurred in the comparative periods.
- Interest and other income include interest earned from a high interest savings account, management fees and foreign exchange gains and losses. The variance between the current and comparative periods relates to lower bank balances during the three and six month period ended March 31, 2024, compared to the same periods in 2023.
- During the six month period ended March 31, 2024, the Company recognized a net gain of $27,000 on its short-term investments, including a net realized gain of $5,784 and net cash proceeds of $59,944. The unrealized portion of the gain resulted from mark to market adjustments made at each quarter end to value the investments at the current trading price in effect on that date.

**General and administrative expenses**

| | Three months ended, March 31 | | Six months ended, March 31 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Administrative consulting fees | $ **31,562** | $ 65,523 | $ **76,256** | $ 105,351 |
| Stock-based compensation | **3,599** | - | **8,524** | - |
| Occupancy costs | **5,671** | 4,697 | **11,343** | 9,394 |
| Office, secretarial and supplies | **10,625** | 13,317 | **23,218** | 22,116 |
| Travel and promotion | **601** | 8,087 | **873** | 8,376 |
| Insurance | **3,930** | 3,939 | **7,860** | 7,877 |
| Directors' fees | **1,500** | 1,000 | **3,000** | 2,500 |
| Network and website | **753** | 708 | **1,279** | 1,885 |
| **Total general and administrative expenses** | $ **58,241** | $ 97,271 | $ **132,353** | $ 157,499 |

- Administrative consulting fees, which consists of fees for the controller, geological consulting, and services provided by other consultants, have decreased for the three and six month periods ended March 31, 2024, compared to the comparative period. Less work has been required due to activity in the company resulting in lower geological consulting fees and improved processes developed over the last several quarters in the allocation of administrative accounting work.
- Share based compensation relates to the recognition of vesting, over time, of certain options issued in prior periods. There were no new options issued in three and six months ended March 31, 2024, nor in the comparative periods 2023.
- Occupancy costs are higher in three and six months ended March 2024, due to a new contractual arrangement with Jade Leader Corp. to share certain office space with the Company. Square footage rates are higher under the new arrangement and consistent with market conditions.
- Office and secretarial fees, which relate primarily to contract administrative services and office supplies, have decreased in the three months ended March 31, 2024, compared to 2023 due to reduced activity. They are slightly higher for the six months ended March 31, 2024, when compared to the same period in 2023 due to the reallocation of accounting administration work discussed above. Contributing to this increase was support for a software conversion undertaken in the quarter, additional bookkeeping responsibilities, and time spent onboarding the new controller.
- Travel and promotion expenses are significantly lower for the three and six months ended March 31, 2024, when compared to the prior periods. The Company has reduced costs overall to preserve capital during this period when market conditions to raise capital are unfavorable. Promotional efforts with respect to investor relations have been virtual and on-line, which has reduced the need for travel and the corresponding expense.
- The Company pays directors who are not officers of the Company $500 for meeting attendance. There are currently three directors who are not officers and the amounts above reflect the directors' fees paid or payable for meetings attended during the above-noted periods.

**Professional fees**

The following summarizes the components of professional fees included in the statement of net and comprehensive loss:

| | Three months ended, March 31 | | Six months ended, March 31 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Audit and accounting | **$ -** | $ - | **$ 3,309** | $ 8,505 |
| Legal and filing fees | **453** | 1,264 | **1,917** | 3,041 |
| **Total professional fees** | **$ 453** | $ 1,264 | **$ 5,226** | $ 11,546 |

- Professional fees consist of annual auditing and tax preparation fees. Fees incurred during the current and comparative six month periods ended March 31, 2024, include the filing of the US tax returns on account of Canexco. Six months ended March 31, 2023, includes trailing cost associated with the audit of the September 31, 2022, yearend results.
- Legal and filing fees incurred during the current and comparative periods ended March 31, 2024, primarily relate to filing fees for news releases during the respective periods.

## 5. Liquidity and Capital Resources

The Company's working capital position at March 31, 2024, was $415,135 (September 30, 2023 - $768,190), a decrease of $353,055. Significant changes to working capital are discussed below:

- The current three and six month periods operating expenditures resulted in a cash outflow of $49,400 and $149,289 respectively, compared to $160,059 and $252,726 during the respective comparative three- and six-month periods. The variances are consistent with the factors described in Section 4) "Operating results" but particularly the desire to reduce expenditures at a time when access to capital is limited.
- During the six months ended March 31, 2024, the Company disposed of 599,000 Spruce Ridge Resources Ltd. common shares for net cash proceeds of $59,944. The Company continues to hold 1,034,500 shares that are available for sale as opportunities arise. Subsequent to period end March 31, 2024, Spruce Ridge Resources Ltd. announced that through an amalgamation process they changed their name and began trading under Homeland Nickel Inc.
- The Company was required to make an additional reclamation deposit of $8,198 ($US 6,060) in conjunction with the approval of the application to expand the Gold Range Property Exploration Permit.
- The company invested $221,704 (2023 - $266,805) in exploration and evaluation activities. Of this $8,733 was spent on claim staking for the newly acquired Louise Lake Property and the remainder, $212,971 related to exploration and acquisition at the Gold Range Property, Arizona, USA and changes in working capital for the period. During the six months ended March 31, 2023, all expenditures were incurred at the Gold Range Property. See Note 8 - "Exploration and evaluation assets" of the Unaudited Condensed Interim Consolidated Financial Statements at March 31, 2024, which accompany this document and Section 3) "Mineral properties" for more information. Additionally, during the six month period ended March 31, 2024, the Company increased decommissioning costs by $9,520, associated with future reclamation work in respect of the Gold Range Property due to changes in assumptions.
- Share issue costs incurred in the three and six months ended March 31, 2024, and 2023 relate to the issuance of common shares in exchange for property.

The Company is continually investigating financing options. The continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and any level of exploration on its mineral properties will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature of operations and continuance of operations" to the Unaudited Condensed Interim Consolidated Financial Statements at March 31, 2024, that accompany this document.

## 6. Financing

**Six month period ended March 31, 2024**

On November 27, 2023, the Company issued 8,694,170 common shares valued at $304,295 pursuant to a purchased agreement on the Gold Range property. The common share issuance price used to value the transaction was the closing trading price on the date of issue.

**Six month period ended March 31, 2023**

On November 11, 2022, the Company issued 1,000,000 common shares valued at $112,500 pursuant to an option agreement on the Gold Range property. The share issuance price was valued in accordance with the agreement.

## 7. Contractual Obligations

a) On March 5, 2024, the Company announced it had signed an Option Agreement to acquire a 100% interest in the Louise Lake Property located in west central British Columbia. The agreement was signed on March 1, 2024, and received Exchange approval subsequent to the six month period ended March 31, 2024, on April 8, 2024. The commitments are as follows:

| | Shares or Cash |
|---|---|
| Upon regulatory approval | $10,000 |
| March 1, 2025 | $25,000 |
| March 1, 2026 | $50,000 |
| March 1, 2027 | $90,000 |
| March 1, 2028 | $200,000 |
| March 1, 2029 | $400,000 |
| Total remaining commitment | $775,000 |

In addition, there is a milestone bonus in shares or cash if CANEX drills over 4250 metres of core, and a second milestone bonus of $50,000 in shares or cash if CANEX publishes a resource estimate with greater than 1.5 million contained ounces of gold.

The Optionor will retain a NSR of 2.5% of which 1% can be purchased by CANEX for $1.5 million.

b) On April 4, 2017, the Company announced it had signed a Letter of intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement was executed on May 12, 2017, and received Exchange approval on May 17, 2017.

The remaining commitments of the agreement are as follows:

| | **Altius** | |
|---|---|---|
| | Share issues | Minimum Exploration Expenditures* |
| | | ($) |
| Expenditure commitment, on or before August 30, 2024 | - | 500,000 |
| Following the completion of the Expenditure Commitment | 1,240,000 | - |
| Total remaining commitment | 1,240,000 | 500,000 |

* - as at March 31, 2024, the Company has incurred exploration expenditures of $293,500

In addition, Altius will retain a right to purchase an underlying 1.5% NSR and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the Underlying Agreement, Steven Scott is also entitled to the additional milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

The agreement has been amended to allow the Company to meet minimum exploration expenditures by August 30, 2024. All other terms of the agreement remain unchanged.

c) Other commitments remaining on 100% owned property are as follows:

| Optionor | Property | Commitment | Buy-out |
|---|---|---|---|
| Gieske | Gold Range Property | 2% NSR | $500k first 1%, $1M 2nd 1% |
| Onyx | Never Get Left Claim | 2% NSR | $500k first 1%, $1.5M 2nd 1% |
| Silmar of Arizona | Excelsior Claim | 1.5% NSR | Right of First Refusal on Sale |

In addition to the above, CANEX has committed to a reversion agreement to August 30, 2030, on the Excelsior Claim, whereby the Company, if subject to any event that would impact the optionors rights, if not cured in 30 days, would deliver the property back to the Optionor.

## 8. Exploration Expenditures

Refer to “Exploration and evaluation assets,” Note 8 to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2024.

## 9. Off-Balance Sheet Transactions

There are no off-balance sheet transactions to report.

## 10. Selected Quarterly Financial Information

The following selected financial data has been extracted from the unaudited interim consolidated financial statements for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

| Three months ended | Mar 31 2024 (Q2 2024) | Dec 31 2023 (Q1 2024) | Sep 30 2023 (Q4 2023) | Jun 30 2023 (Q3 2023) | Mar 31 2023 (Q2 2023) | Dec 31 2022 (Q1 2023) | Sep 30 2022 (Q4 2022) | Jun 30 2022 (Q3 2022) |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Loss before impairment of exploration and evaluation assets | (63,929) | (87,939) | (139,450) | (176,420) | (105,441) | (76,779) | (77,361) | (454,007) |
| Impairment of exploration and evaluation assets | - | - | - | - | - | - | - | - |
| Loss before other items | (63,929) | (87,939) | (139,450) | (176,420) | (105,441) | (76,779) | (77,361) | (454,007) |
| Interest and other income | 2,307 | 3,468 | 4,226 | 5,588 | 7,634 | 6,839 | 6,284 | 4,893 |
| Gain (loss) on short-term investments | (31,035) | 58,034 | (61,601) | - | - | - | 28,167 | (281,675) |
| Comprehensive profit (loss) | (92,657) | (26,437) | (196,825) | (170,832) | (97,807) | (69,940) | (42,910) | (730,789) |
| Basic and diluted earnings (loss) per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.01) |

Generally, the most significant influences on the variability of profit or loss are the amount of stock-based compensation, the amount of exploration and evaluation asset impairments or recoveries, and gains or losses on short-term investments.

The Company's improved working capital position in recent periods allowed the Company to expand its operations in fiscal 2023 and 2022 which is reflected above including expenditures for administrative consulting fees, office expenditures and travel and promotional activities. No further activities are currently planned, and the Company intends to preserve current working capital to finance day to day activities until further future financing opportunities arise.

The timing of the impairments and gains on sale of the Company's exploration and evaluation assets cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company on a period-by-period basis.

Interest and other reflect foreign exchange gains and losses incurred on a US dollar denominated bank account held by the Company to conduct its business in the United States.

Occasionally the Company receives common shares in publicly traded Companies as partial consideration for the sale of mineral property interests. Comprehensive Profit or Loss will fluctuate as the carrying value of these investments is adjusted to fair value at the respective period ends.

## 11. Directors and Officers

| | | | |
|---|---|---|---|
| Shane Ebert | *Director and President* | Gregory Hanks | *Director* |
| Jean Pierre Jutras | *Director and Vice-President* | Chantelle Collins | *Chief Financial Officer* |
| Barbara O'Neill | *Corporate Secretary* | Lesley Hayes | *Director* |
| Blair Schultz | *Director* | | |

## 12. Related Party Transactions and Key Management Remuneration

Related party transactions for the three and six month periods ended March 31, 2024, and 2023, are disclosed and explained in Note 15 to the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2024, that accompany this MD&A.

## 13. Share Capital and Equity Reserves

Refer to Note 11 in the Unaudited Condensed Interim Consolidated Financial Statements dated March 31, 2024, that accompany this MD&A and the Condensed Interim Consolidated Statement of Changes in Equity contained within for common share capital, stock option and warrant transactions during the three and six month periods ended March 31, 2024, and balances as at that date.

On November 27, 2023, 8,694,170 common shares were issued pursuant to the amended Excelsior property option agreement (Section 3 – "Mineral properties, Gold Range property, Arizona, USA"). There were no further share capital, stock option, or warrant transactions during the period however, 200,000 shares at $0.05 per share were issued subsequent to March 31, 2024 as required under the terms of the Louise Lake Property option agreement.

## 14. Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash and cash equivalents, accounts receivable (net of sales tax) and accounts payable and accrued liabilities approximate their fair value due to the short-term nature of the instruments.

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments.

The Company undertakes transactions denominated in US currency through its exploration in the US; consequently, it is exposed to exchange rate fluctuations. The Company will acquire US funds from time to time to settle US$ denominated liabilities. On March 31, 2024, the Company had US$4,019 ($5,456) in a US denominated bank account (September 30, 2023 - US$5,852, ($7,912)) The effect of a foreign currency increase or decrease of 10% on this cash holding would result in an increase or decrease of $402 (2023 - $585).

## 15. Financial risk management

### a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, and mining exploration tax credit receivable. The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at March 31, 2024, and September 30, 2023.

### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements, as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to finance general and administrative and other operating expenses for 12 months assuming similar activity levels to the previous year. Additional financing will be required to fund new property acquisitions and future exploration programs. Refer to Note 1 – "Nature of operations and continuance of operations" on the Unaudited Condensed Interim Consolidated Financial Statements at March 31, 2024, that accompany this MD&A.

### c) Market risk

The Company's equity investments are subject to market price risk. These investments were received as partial proceeds for the sale of mineral property interests. The Company does not invest excess cash in equity investments. The investments in common shares and warrants are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. During the six month period ended March 31, 2024, the market price fluctuation on the investments held resulted in a net gain of $27,000 (year ended September 30, 2023 - $61,601) on short-term investments. At March 31, 2024, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $5,690 (September 30, 2023 - $8,984). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests; it is not exposed to commodity price risk associated with developed properties at this time.

### d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income; it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

### e) Foreign exchange risk

The Company undertakes transactions denominated in US currency; consequently, it is exposed to exchange rate fluctuations. The Company has disclosed US$ commitments pertaining to royalty rights in Section 7

"Contractual obligations". Refer to Section 15) "Financial instruments" for the foreign exchange risk associated with the foreign denominated cash balances held in US$ at March 31, 2024 and September 30, 2023.

## 16. Outlook

The Company's primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. Should the Company discover such a promising property, it would likely attempt to ally with a more senior mining company that might option-in on the property or purchase the property outright, as the Company does not have expertise in operating a mine.

At the Gold Range property, the WestGold target contains the largest and highest-grade gold in soil anomaly defined to date and the Company's drill test of that target has resulted in a new and potentially very significant gold discovery that will be an important focus for the Company moving forward. Although there are opportunities to further explore the Gold Range Property in Arizona, USA, the Company only has sufficient working capital to conduct measured low-cost surface exploration programs, such as those undertaken in March 2024 at WestGold, without the need for financing. Near and midterm objectives will include low-cost advancement of surface targets in preparation for drill testing to be conducted once market conditions allow further financing opportunities.

At the newly acquired Louise Lake Property, the Company is assembling and analyzing historic data and will formulate an exploration plan for the project once data interpretation is complete.

With respect to the Gibson Prospect, to date the Company has expended $293,500 on exploration activities. Due to limited resources, including manpower, the Company has focussed its attention on exploration activities on the Gold Range property discussed above. The Company continues to hold core claims which expire January 2029, keeping possibilities open for the Company to find a third-party partner to further the exploration program.

The Company continues to actively search for new early-stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition, or similar agreements except as noted above.

## 18) Risks

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operation (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of exploration, the following risk factors, among others, should be considered:

- **Exploration, development, and operating risks**
  The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from

disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

- **Substantial capital requirements and liquidity**
  Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

- **Fluctuating mineral prices**
  The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

- **Regulatory, permit and license requirements**
  The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Properties will be obtainable on reasonable terms, or that such laws and regulation will not have an adverse effect on any exploration or development project which the Company might undertake.

  Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

- **Financing risks and dilution to shareholders**
  The Company has limited financial resources, no operations, and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

- **Title to properties**
  Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on its properties without compensation for its prior expenditures relating to its properties.

- **Competition**
  The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interest as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

- **Reliance on management and dependence on key personnel**
  The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

- **Environmental risks**
  The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increase capital expenditures and operating costs.

- **Conflicts of interest**
  Certain of the Directors and Officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of the Company may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contact or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

- **Uninsurable risks**
  Exploration, development, and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject hazards that may result in environmental pollution and consequent liability that could have a material adverse impact

on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

- **Litigation**
  The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

## 19) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration and mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of the right to explore, among other factors. When it becomes apparent that the carrying value of a specific property will not be realized, an impairment provision is made for the estimated decline in value.

The Company’s estimate for decommissioning obligations is based on existing laws, contracts and other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations which require that certain assumptions be made. By their nature, these estimates are subject to measurement uncertainty.

Another significant accounting estimate relates to valuing stock-based compensation and warrants. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options granted and vested, or warrants issued, during the year.

The Company estimates the fair value of its short-term equity investments at each period end as they are carried at fair value in the Balance Sheet. The Company uses the closing price of the common shares on the period-end date. The price at which these instruments can ultimately be sold will vary from these estimates due to the timing of their sale, the volume of trading in the securities at any given time and changes in the market over time, among other factors.

## 20. New Accounting Policies

The Company did not adopt any new accounting policies during the six month period ended March 31, 2024.

## 21. Other

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca