

**AFR NuVenture Resources Inc.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS**

For the three months ended August 31, 2023 and 2022  
(Expressed in Canadian Dollars)

## **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements (the "Financial Statements") for AFR NuVenture Resources Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied ("IFRS"). These financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

**AFR NuVenture Resources Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

As at	August 31 2023 \$	May 31 2023 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	353,801	440,596
Other receivables	6,062	13,294
Prepaid expenses	15,734	15,524
<b>Total assets</b>	<b>469,414</b>	<b>469,414</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables	61,584	68,226
<b>Total current liabilities</b>	<b>61,584</b>	<b>68,226</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common shares, proceeds to be received, and reserves	32,150,836	32,150,836
Deficit	(31,836,823)	(31,749,648)
<b>Total shareholders' equity</b>	<b>314,013</b>	<b>401,188</b>
<b>Total liabilities and shareholders' equity</b>	<b>375,597</b>	<b>469,414</b>

*Nature of operations, basis of presentation and going concern (note 1)*

Approved on behalf of the board:

(signed) "David Mason"  
Director

(signed) "John O'Donnell"  
Director

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

## **AFR NuVenture Resources Inc.**

### **Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	For the three months ended	
	<b>August 31</b>	August 31
	<b>2023</b>	2022
	\$	\$
<b>Expenses</b>		
Exploration and project evaluation (note 4)	-	127,838
General and administrative (note 7)	<b>87,175</b>	93,275
<b>Net loss and comprehensive loss for the period</b>	<b>87,175</b>	221,113
<b>Loss per share – basic and fully diluted</b>	<b>0.00</b>	0.01
<b>Weighted average shares outstanding – basic and fully diluted</b>	<b>18,038,681</b>	18,038,681

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

**AFR NuVenture Resources Inc.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Expressed in Canadian dollars)

For the three months ended August 31	2023	2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(87,175)	(221,113)
Net change in non-cash working capital balances related to operating activities:		
Other receivables	7,232	(24,292)
Prepaid expenses	(210)	(7,229)
Trade and other payables	(6,642)	(59,488)
<b>Cash used in operating activities</b>	<b>(86,795)</b>	<b>(312,772)</b>
Net decrease in cash	(86,795)	(312,772)
<b>Cash, beginning of the period</b>	<b>440,596</b>	<b>947,200</b>
<b>Cash, end of the period</b>	<b>353,801</b>	<b>634,428</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

## **AFR NuVenture Resources Inc.**

### **Condensed Consolidated Interim Statements of Shareholders' Equity**

(Expressed in Canadian dollars)

	Share Capital		Reserves	Sub-total	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, May 31, 2022</b>	<b>18,038,681</b>	<b>32,030,596</b>	<b>120,240</b>	<b>32,150,836</b>	<b>(31,208,580)</b>	<b>942,256</b>
Net loss for the period	-	-	-	-	(221,113)	(221,113)
<b>Balance, August 31, 2022</b>	<b>18,038,681</b>	<b>32,030,596</b>	<b>120,240</b>	<b>32,150,836</b>	<b>(31,429,693)</b>	<b>721,143</b>
Net loss for the period	-	-	-	-	(319,955)	(319,955)
<b>Balance, May 31, 2023</b>	<b>18,038,681</b>	<b>32,030,596</b>	<b>120,240</b>	<b>32,150,836</b>	<b>(31,749,648)</b>	<b>401,188</b>
Net loss for the period	-	-	-	-	(87,175)	(87,175)
<b>Balance, August 31, 2023</b>	<b>18,038,681</b>	<b>32,030,596</b>	<b>120,240</b>	<b>32,150,836</b>	<b>(31,836,823)</b>	<b>314,013</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements*

# **AFR NuVenture Resources Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

August 31, 2023

(Expressed in Canadian dollars)

---

### **1. Nature of operations, basis of presentation and going concern uncertainty**

AFR NuVenture Resources Inc. (“AFR” or the “Company”), an exploration stage company, was incorporated on May 12, 1980, in British Columbia. On November 23, 2021, the Company changed its name to AFR NuVenture Resources Inc. Its current principal business activity is the exploration and evaluation of mineral assets.

On April 26, 2019, the Company entered into an agreement whereby the Company may acquire a 51% interest in the Silver Bell - St. Lawrence Gold Project, in the Virginia City Mining District of Montana, USA (the “Project”) and on March 8, 2022, the Company entered into an agreement whereby the Company may acquire up to a 100% interest in the Edge group of properties located in southwestern New Brunswick, Canada (Note 4). The Company has not met the commitments required pursuant to the Edge group of properties and is contemplating its future options regarding this project.

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has presented the Financial Statements for the three month period ended August 31, 2023, and the comparative figures for the three period ended August 31, 2022. The Financial Statements have been prepared by management and approved by the Board of Directors on October 30, 2023.

These Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. AFR is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. As at August 31, 2023, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. As at August 31, 2023, AFR had a working capital surplus of \$314,013 (a working capital surplus of \$401,188 as at May 31, 2023), and has incurred losses since inception resulting in an accumulated operating deficit of \$31,836,823. The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary. The Company is not at risk as to its ability to meet its financial obligations or its administrative expenses in the reasonably foreseeable future as it has sufficient cash to meet obligations for at least the next 12 months.

### **2. Significant accounting policies**

These Financial Statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Financial Statements do not include all financial risk management information and disclosures as required in the audited annual financial statements. The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended May 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited annual financial statements for the year ended May 31, 2022.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. The interim results for the three period ended August 31, 2023, may not be indicative of the results for the year ending May 31, 2024.

# AFR NuVenture Resources Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

### 3. Reclamation bond

In connection with the Company's Silver Bell – St. Lawrence Gold Project, the Company posted a reclamation bond during the year ended May 31, 2020 with the State of Montana's Department of Environmental Quality in the amount of US\$25,000. The reclamation bond was returned to the Company in March 2023.

### 4. Exploration and evaluation assets

#### Silver Bell – St. Lawrence Gold Project

On April 26, 2019, the Company entered into an agreement with a related party whereby the Company may acquire a 51% interest in the Silver Bell - St. Lawrence Gold Project, in the Virginia City Mining District of Montana, USA (the "Project"). Under the agreement, the Company may earn a 51% interest in the Project by making annual US\$10,000 option payments (waived for 2020 and deferred by agreement for 2021 through 2023) and spending US\$1,000,000 in exploration expenditures within four years with a minimum of \$200,000 in expenditures during the first two years.

Based on the expenditures up to the year ended May 31, 2021, the Company has met the minimum of US\$200,000 required with respect to the Silver Bell-St. Lawrence Gold Project. From April 26, 2019 to May 31, 2023, the Company spent approximately US\$300,000. To date, none of the required option payments have been made.

On September 24, 2023, an extension agreement was signed, extending the required option payments and exploration expenditures until March 15, 2025.

#### Edge Properties

Effective February 23, 2022, the Company entered into an agreement with Edge Exploration Inc. ("Edge"), whereby the Company may acquire up to a 100% interest in a group of exploration properties located in southwest New Brunswick (the "Edge Properties"). Under the agreement, the Company may earn a 50% interest by paying Edge \$264,000, issuing 300,000 common shares and expending \$1,800,000 in exploration expenditures by March 8, 2025. The Company can earn an additional 25% (total 75% interest), by issuing to Edge an additional 2,000,000 common shares and expending an additional \$4,000,000 in exploration expenditures by March 8, 2027. The Company can earn an additional 25% (total 100% interest), by issuing to Edge an additional 2,000,000 common shares and expending additional expenditures required to produce a feasibility study.

Due to the option agreement being in default with no plans for remediation, the costs related to the acquisition of the Edge properties of \$11,588 were written down to \$nil.

A summary of exploration and evaluation expenditures is as follows:

	Balance May 31 2022 \$	For the year ended May 31 2023 \$	Balance May 31 and August 31, 2023 \$
<b>Silver Bell</b>			
Assays	13,454	-	13,454
Drilling	187,497	-	187,497
Geophysics	69,002	-	69,002
Geology and field operations	86,951	-	86,951
Reporting	36,968	-	36,968
Other	5,664	6,361	12,025
	<b>399,536</b>	<b>6,361</b>	<b>405,897</b>

# AFR NuVenture Resources Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

<b>Edge</b>			
Assays	-	8,757	8,757
Drilling	45,136	34,102	79,238
Geology and field operations	70,700	90,439	161,139
Other	1,681	2,540	4,221
Grant	-	(8,000)	(8,000)
	<b>117,517</b>	<b>127,838</b>	<b>245,355</b>
<b>Project evaluation</b>	<b>-</b>	<b>17,700</b>	<b>17,700</b>
<b>Total</b>	<b>517,053</b>	<b>151,899</b>	<b>668,952</b>

### 5. Shareholders' equity

The authorized share capital of the Company is unlimited shares without par value.

#### Share capital

Share capital comprises the following:

	Number of shares	Amount \$
<b>Balance, May 31, 2022, May 31, 2023 and August 31, 2023</b>	<b>18,038,681</b>	<b>32,030,596</b>

#### Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's share capital issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares.

Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted by TSX Venture Exchange Policy) or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. All options granted under the Plan will become vested in full upon grant, except options granted to consultants performing investor relations activities, which options are subject to vesting restrictions such that one-quarter of the options shall vest every three months subsequent to the date of the grant of the options.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
<b>Outstanding, May 31, 2022, May 31, 2023 and August 31, 2023</b>	<b>1,800,000</b>	<b>0.09</b>

### 6. Related party transactions

#### Compensation of key management and directors

Key management compensation expense includes the Chief Executive Officer, the Chief Financial Officer, and directors. Compensation to key management and directors for the three months ended August 31, 2023 was \$70,500 (August 31, 2022 - \$70,500). There were no balances owing as at August 31, 2023 or May 31, 2023.

# AFR NuVenture Resources Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2023

(Expressed in Canadian dollars)

### 7. General and administrative expenses

For the three months ended August 31	2023	2022
	\$	\$
Consulting, management and directors' fees (note 6)	70,500	70,500
Professional fees (legal & audit)	7,500	7,500
Shareholder communications, advertising and promotion	435	4,546
Rent	6,239	6,239
Insurance	2,333	3,627
Other	168	861
	<b>87,175</b>	<b>93,275</b>

### 9. Financial instrument risk management

#### a) Fair value of financial instruments

The carrying value of cash and trade and other payables approximates fair value due to the short-term nature of these financial instruments.

As of August 31, 2023, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as level 1 fair value.

#### b) Risk management

##### Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's maximum exposure to credit risk is the carrying amount of cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

##### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and short-term investments. As at August 31, 2023, the Company has \$353,801 in cash and current liabilities of \$61,584. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

##### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

##### Foreign currency risk

The Company's functional currency is the Canadian Dollar. There were minimal operational expenses and expenditures incurred by the Company in US Dollars.

The following summarizes the Canadian dollar amount of assets and liabilities denominated in other currencies

Cash	\$ <b>284,556</b>
------	----------------------

Based on the foreign currency exposure noted above, a 10% change in the exchange rate against the Canadian dollar would result in an increase/decrease of \$4,000 in net income.

# ***AFR NuVenture Resources Inc.***

## ***Notes to the Condensed Consolidated Interim Financial Statements***

August 31, 2023

(Expressed in Canadian dollars)

---

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

### **Interest rate risk**

Aside from cash and cash equivalents, the Company has no interest-bearing assets or debts. The Company excess cash balance earns interest in the accounts holding cash. The Company reviews its interest rate exposure periodically, considering potential renewals of existing positions and alternative financial investments. The Company is not exposed to significant interest rate risk.

### **Price Risk**

The Company has no operating revenue, as a result the market price of the commodities it is exploring for does not have a material effect on the financial results of the Company.