



Fidelity Minerals Corp.

Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(expressed in Canadian dollars, except where indicated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fidelity Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Fidelity Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred accumulated losses of \$16,196,885 since inception and as at July 31, 2024, the Company has a working capital deficit of \$975,896 and not yet achieved profitable operations. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that the matter described below to be a key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$6,642,318 as of July 31, 2024. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining, on a test basis through government websites and legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.



Vancouver, Canada

Chartered Professional Accountants

November 28, 2024

Fidelity Minerals Corp.
Consolidated Statements of Financial Position
(Amounts expressed in Canadian dollars, except where indicated)

	Note	July 31, 2024	July 31, 2023
Assets			
Current assets			
Cash		\$ 120,177	\$ 1,582
Other receivables		2,550	6,257
Prepaid expenses		12,000	12,055
		134,727	19,894
Exploration and evaluation properties	6	6,642,318	6,305,084
Total assets		\$ 6,777,045	\$ 6,324,978
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 795,321	\$ 793,451
Advances from related party	7	315,302	363,805
		1,110,623	1,157,256
Shareholders' equity			
Share capital	8	15,207,722	14,212,544
Reserves and contingent shares	8,9	6,476,307	6,455,691
Cumulative translation adjustment		74,278	22,176
Deficit		(16,196,885)	(15,627,689)
Total shareholders' equity attributable to owners of the Company		5,561,422	5,062,722
Non-controlling interest	6	105,000	105,000
Total shareholders' equity		5,666,422	5,167,722
Total liabilities and shareholders' equity		\$ 6,777,045	\$ 6,324,978

Nature of operations and going concern (note 1)

Commitments (note 13)

Subsequent event (note 16)

Approved by the Board of Directors

"Ian Graham"

Director

"Dean Pekeski"

Director

Approved on November 28, 2024

The accompanying notes are an integral part of these consolidated financial statements.

Fidelity Minerals Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Amounts expressed in Canadian dollars, except where indicated)

	Note	Years Ended July 31,	
		2024	2023
General and administration expenses			
Administrative fees		\$ (61,596)	\$ (99,602)
Consulting fees	10	(288,665)	(427,725)
Foreign exchange		962	(4,022)
Investor communications		(6,400)	(39,408)
Legal and professional fees		(59,694)	(68,654)
Stock-based compensation	9	(176,600)	(413,929)
Travel		(14,500)	-
		(606,493)	(1,053,340)
Other expense			
Impairment of exploration and evaluation properties	6	-	(794,282)
Gain on shares for debt transaction	8	70,189	-
Other		(32,892)	-
Loss for the year		(569,196)	(1,847,622)
Other comprehensive (loss) income ("OCI")			
Cumulative translation adjustment		52,102	36,047
Loss and comprehensive loss for the year		(517,094)	(1,811,575)
Loss per share			
Basic and diluted		(0.01)	(0.02)
Weighted average shares outstanding			
Basic and diluted		90,417,426	86,610,798

The accompanying notes are an integral part of these consolidated financial statements.

Fidelity Minerals Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Contingent Shares	Foreign currency Translation reserves	Reserves	Deficit	Non-controlling Interest	Total equity
Balance as at July 31, 2023		88,795,209	\$ 14,212,544	\$ 154,000	\$ 22,176	\$ 6,301,691	(15,627,689)	\$ 105,000	\$ 5,167,722
Options exercised	8	4,150,000	363,484	-	-	(155,984)	-	-	207,500
Stock-based compensation	9	-	-	-	-	176,600	-	-	176,600
Shares for debt transaction	8	14,037,650	631,694	-	-	-	-	-	631,694
Cumulative translation adjustment		-	-	-	52,102	-	-	-	52,102
Loss for the year		-	-	-	-	-	(569,196)	-	(569,196)
Balance as at July 31, 2024		106,982,859	\$ 15,207,722	\$ 154,000	\$ 74,278	\$ 6,322,307	(16,196,885)	\$ 105,000	\$ 5,666,422

	Notes	Shares	Share capital	Contingent Shares	Foreign currency Translation reserves	Reserves	Deficit	Non-controlling Interest	Total equity
Balance as at July 31, 2022		84,964,217	\$ 13,817,731	\$ 154,000	\$ (13,871)	\$ 5,909,405	\$ (13,780,067)	\$ -	\$ 6,087,198
Warrants exercised	8	830,992	79,813	-	-	(21,643)	-	-	58,170
Stock-based compensation	9	-	-	-	-	413,929	-	-	413,929
Greensands acquisition	8	3,000,000	315,000	-	-	-	-	105,000	420,000
Cumulative translation adjustment		-	-	-	36,047	-	-	-	36,047
Loss for the year		-	-	-	-	-	(1,847,622)	-	(1,847,622)
Balance as at July 31, 2023		88,795,209	\$ 14,212,544	\$ 154,000	\$ 22,176	\$ 6,301,691	(15,627,689)	\$ 105,000	\$ 5,167,722

The accompanying notes are an integral part of these consolidated financial statements.

Fidelity Minerals Corp.
Consolidated Statement of Cash Flows
(Amounts expressed in Canadian dollars, except where indicated)

	Note	For Years Ended July 31,	
		2024	2023
Cash used in operating activities			
Loss for the year		\$ (569,196)	\$ (1,847,622)
Items not affecting cash			
Share-based compensation	9	176,600	413,929
Foreign exchange		-	36,047
Impairment of exploration and evaluation properties	6	-	794,283
Gain on shares for debt transaction	8	(70,189)	-
Other		32,892	-
Change in non-cash working capital			
Decrease in other receivables		3,707	6,677
Decrease in prepaid expenses		55	1,314
Increase in accounts payable and accrued liabilities		245,710	447,657
Net cash used in operating activities		(180,421)	(147,715)
Cash flows from financing activities			
Proceeds from warrant exercise	8	-	58,170
Proceeds from options exercise	8	207,500	-
Proceeds from advances from related party	7	394,582	363,805
Net cash provided by financing activities		602,082	421,975
Cash flows used in investing activities			
Purchase of exploration and evaluation property	6	(345,113)	(545,375)
Net cash used in investing activities		(345,113)	(545,375)
Increase (decrease) in cash		76,548	(271,115)
Effect of foreign exchange on cash		42,047	-
Cash - beginning of year		1,582	272,697
Cash - end of year		\$ 120,177	\$ 1,582

Supplemental cash flow information (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

1 Nature of operations and going concern

Fidelity Minerals Corp. was incorporated under the Business Corporations Act of the Province of Ontario, Canada, on March 7, 2003. The Company continued to British Columbia on June 7, 2018 and changed its name to Fidelity Minerals Corp. ("the Company") on January 24, 2019.

The head office of the Company is located at Suite 1201 – 1166 Alberni St., Vancouver, BC, V6E 3Z3 Canada and the registered office of the Company is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 1H2.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

Going concern

At July 31, 2024, the Company had working capital deficit of \$975,896 and had not yet achieved profitable operations. In addition the Company had accumulated losses of \$16,196,885 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

2 Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Board of Directors approved this set of financial statements on November 28, 2024.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting with the exception of the consolidated statement of cash flows.

3 Estimates, risks and uncertainties

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

Significant judgments in applying accounting policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

(i) Functional currency

The functional currency for each of the Company's subsidiaries, is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(ii) Impairment of exploration and evaluation properties

The carrying value of exploration and evaluation properties is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

Key sources of Estimation Uncertainty

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could materially differ from these estimates. The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(i) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

(ii) Deferred taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

4 Summary of Material Accounting Policy Information

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned Peruvian subsidiaries, Minera Strait Gold Peru S.A.C. ("MSG Peru"), Montan Ventures Corp. ("MCC") and Minera LBJ SAC, Minera Chao S.A.C, Minera Las Brujas S.A.C., Fletcher Resources S.A.C., LBM Resources S.A.C., Cobre Celestial S.A.C., Minera Cobre Celestial S.A.C. and Minera Fletcher S.A.C in addition to its lone Ecuadorian subsidiary Fidelity Minerals Ecuador S.A. These consolidated financial statements also incorporate the financial statements of the Company's 75% ownership of Greensands Australia Pty Ltd. and the Company's 44.5% ownership of Rial Minera SAC. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Cash

Cash consist of cash balances and demand deposits.

Exploration and evaluation assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on a property by property basis until such time as the lease expires, the mineral properties abandoned, sold or considered impaired in value or is transferred to mines under construction as development costs. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

(iii) Mines under construction and development costs:

When technical feasibility and economic viability of projects have been determined and the decision to proceed with development has been approved the asset is first tested for impairment and thereafter, the expenditures related to construction are capitalized as mines under construction and classified as a component of mine properties, plant and equipment. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. Commercial production is deemed to have occurred when management determines certain production parameters are met.

In order for production to occur, the Company must first obtain exploitation and other permits on such properties. Such permits are subject to the approval of the local government and government controlled entities. Unless and until such permits are obtained there can be no assurance that such permits will be obtained. As such, permits need to be obtained before costs are reclassified from exploration and evaluation properties to mines under construction.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

(iv) Mine properties:

Once a mineral property has been brought into commercial production as intended by management, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depleted over the remaining useful life of the related assets. Mine properties include deferred stripping costs and decommissioning and restoration costs related to the reclamation of mine properties. Mine properties are derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds received and the carrying amount of the asset is recognized in profit or loss.

Costs of producing mine properties are depreciated and depleted on the unit of production (“UOP”) basis using estimated resources. Depreciation or depletion is recorded against the mine property only upon the commencement of commercial production.

Mine properties are recorded at cost, net of accumulated depreciation and depletion and accumulated impairment losses and are not intended to represent future values.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

Impairment of exploration and evaluation properties

The Company reviews and evaluates the recoverable amount of its exploration and evaluation properties when events or changes in circumstances indicate that the carrying amounts of assets or groups of assets might not be recoverable. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of expected future cash flows of the asset). At the end of each reporting period, non-financial assets are reviewed for impairment to determine if there is any indication that the carrying amount may not be recoverable.

Indicators for an impairment review arise typically when any one of the following circumstances applies:

- (i) substantive expenditure on further exploration and evaluation is not planned
- (ii) title to the asset is compromised
- (iii) the right to explore the property has expired or will expire shortly
- (iv) adverse changes in the regulatory or taxation environment
- (v) adverse changes in commodity prices and markets

The existence of any of the above conditions may signify that an impairment exists in the fair value of properties.

The recoverability of the carrying values of the properties is dependent on the ability of the Company to obtain the necessary financing and permits to continue exploration, the establishment of economically recoverable reserves, future profitable production and/or proceeds from the disposition thereof.

Long-term assets

The Company monitors the recoverability of long-lived assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company’s policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units of production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company estimates that the present value of the required restoration, rehabilitation and environmental costs resulting from disturbance to date to be immaterial.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as units. Under the relative fair value method, the Company first determines the fair values of the shares and warrants included in the units, then allocates the unit price based on the relative fair value of the instruments included in the unit. The Company considers the fair value of common shares issued in these types of transactions to be determined by the closing quoted bid price on the issuance date. The fair value of the warrants included is determined using the Black-Scholes option pricing model. Any fair value attributed to the warrants is recorded to reserves.

Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company is the Canadian dollar. The functional currency of all the Company's Peruvian subsidiaries is the Peruvian Sol and the functional currency of the Company's Australian subsidiary is the Australian Dollar.

The functional currency determinations were made by management based on an analysis of factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of subsidiary results into the presentation currency

The operating results and statements of financial position of the Company's subsidiaries are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of loss and comprehensive loss are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; in which case income and expenses are translated at the rate on the dates of the transaction; and
- All resulting exchange differences are recognized directly in OCI and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the transaction of the net investment in foreign entities are recognized in a separate component of equity, foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to profit or loss on disposal.

Share based compensation

Share based compensation arising out of the fair value of options granted under the Company's share option plan is recognized as a share-based payment expense with a corresponding increase in equity. When determinable, share-based payments are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used. The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair-value of the options granted is measured using the Black-Scholes option pricing model. At the end of each financial reporting period the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

Comprehensive loss

The Company includes in comprehensive loss certain gains and losses arising from changes in fair value. Comprehensive income would include the following unrealized gains and losses which are potentially relevant to the Company: changes in the currency translation adjustment arising from translating the financial results of foreign operations to the Company's reporting currency, and unrealized gains and losses on available-for-sale investments, if any.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are based on differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income tax recovery or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

Financial Instruments - Recognition and Measurements

(i) Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and other receivables are measured at amortized cost with subsequent impairments recognized in profit or loss.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

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Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and loan payable are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in profit or loss.

(iii) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

New accounting standards issued but not yet effective

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. These amendments are effective for annual periods beginning on or after January 1, 2024, and are not expected to have a material impact on the Company's future reporting periods.

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods beginning on or after January 1, 2024, including amendments to IFRS 16 "Leases", amendments to IAS 7 "Statement of Cash Flow" and IFRS 7 "Financial Instruments Disclosures". The effect of such new accounting standards or amendments are not expected to have a material impact on the Company's financial statements.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

5 Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and advances from related party. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;

Level 3 Inputs that are not based on observable market data

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and other receivables. The Company's cash is held through large Canadian financial institutions and other receivables are primarily related to tax credits receivable from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 12. The accounts payable and accrued liabilities are due within the current operating period. The Company is exposed to liquidity risk.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is not exposed to significant interest rate risk. A 1% change in market interest rates would result in no significant change in value of cash and other financial instruments.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in Canada, Australia and Peru. Certain costs and expenses are incurred in US dollars and Peruvian sol. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

The Company's financial assets and liabilities as at July 31, 2024 are denominated in United States Dollars, Canadian Dollars, and Australian Dollars, and are set out in the following table:

	Canadian Dollars	US Dollars	AUD Dollars	Total
Financial assets				
Cash	\$ 116,061	\$ 4,116	\$ -	\$ 120,177
Other receivables	2,550	-	-	2,550
	118,611	4,116	-	122,727
Financial liabilities				
Accounts payables and accrued liabilities	(634,077)	(82,608)	(78,636)	(795,321)
Advances from related parties	(315,302)	-	-	(315,302)
Net financial (liabilities) assets	\$ (830,768)	\$ (78,492)	\$ (78,636)	\$ (987,896)

The Company's financial assets and liabilities as at July 31, 2023 are denominated in United States Dollars, Canadian Dollars, and Peruvian Soles, and are set out in the following table:

	Canadian Dollars	US Dollars	AUD Dollars	Total
Financial assets				
Cash	\$ 758	\$ 824	\$ -	\$ 1,582
Other receivables	6,257	-	-	6,257
	7,015	824	-	7,839
Financial liabilities				
Accounts payables and accrued liabilities	(593,253)	(122,888)	(77,310)	(793,451)
Advances from related parties	(363,805)	-	-	(363,805)
Net financial (liabilities) assets	\$ (950,043)	\$ (122,064)	\$ (77,310)	\$ (1,149,417)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and Canadian dollar to Peruvian Sol and Canadian dollar to Australian dollar exchange rates. As of July 31, 2024, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial liabilities by approximately \$7,849 (July 31, 2023 - \$12,206). A 10% appreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Australian dollar relative to the Canadian dollar would have increased net financial liability by approximately \$7,864 (July 31, 2023 - \$7,731) and a 10% depreciation of the Australian dollar would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

6 Exploration and evaluation properties

	Las Huaquillas	Porphyritic Copper project	Cerro El Bronce and Las Brujas Projects	Greensands	Total
Balance at July 31, 2022	\$ 5,329,774	\$ 229,275	\$ 560,147	\$ -	\$ 6,119,196
Impairment	-	(229,275)	(565,007)	-	(794,282)
Concession acquisition	9,681	-	4,860	4,553	19,094
Community, camp and supplies	255,922	-	-	-	255,922
Geological and engineering	206,634	-	-	-	206,634
License, dues and fees	10,334	-	-	-	10,334
Acquisition of Greensands	-	-	-	420,000	420,000
Impacts of foreign exchange	68,186	-	-	-	68,186
Balance at July 31, 2023	\$ 5,880,531	\$ -	\$ -	\$ 424,553	\$ 6,305,084
Community, camp and supplies	239,092	-	-	-	239,092
License, dues and fees	11,642	-	-	94,135	105,777
Recoveries	(17,689)	-	-	-	(17,689)
Impacts of foreign exchange	10,054	-	-	-	10,054
Balance at July 31, 2024	\$ 6,123,630	\$ -	\$ -	\$ 518,688	\$ 6,642,318

a) Las Huaquillas

The Las Huaquillas project is a precious and base metal project in northern Peru that is 44.5% held by the Company. The concessions are located to the immediate south of the border with Ecuador.

On July 8, 2021, the Company's Peruvian subsidiary Minera LBJ SAC signed a binding agreement with Alexander Ernesto Vidaurre Otayza and Lida Avelina Pimentel Jibaja, who own the other 55.5% of the Las Huaquillas project, to acquire an additional 5.5% of Rial Minera SAC ("Rial"). Upon closing of the transaction, the Company will hold a 50% interest in Rial (and thereby the Las Huaquillas project).

Per the terms of the agreement, the Company can acquire an additional 5.5% ownership of the Project by completing the following:

- Total cash consideration of USD \$500,000 payable in two instalments. The first instalment of USD \$300,000 to be paid upon signing the agreement. (Paid). An additional USD \$200,000 to be paid three months after signing (Paid).
- The Company will fund up to USD \$3,000,000 in underground sampling and exploration drilling to underwrite the publication of a new NI 43-101 technical report aimed at declaring inferred resources and to be completed within 18 months following receipt of drilling permit approvals.

b) Porphyritic Copper project

The Porphyritic Copper Project comprises three contiguous concessions 100% held by the Company located in La Libertad, Northern Peru. Further Milestone Payments of \$500,000 and \$250,000 are payable if, within 5 years, a NI 43-101 compliant resource of >500,000T of contained copper is published by Fidelity Minerals (Milestone 1), and/or a transaction exceeding \$5,000,000 is consummated (Milestone 2), respectively.

During the year ended July 31, 2023, the Company decided not renew the porphyritic copper concessions and has abandoned the project recording an impairment of \$229,275.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

c) Cerro El Bronce and Las Brujas Projects

The Las Brujas project consists of four concessions 100% held by the Company located in the Cajamarca province of Peru.

The Cerro El Bronce project consists of 2 concessions 100% held by the Company located in the Ancash province of Peru.

- In the event the Company sells the concessions to an unrelated third party in the future, the vendors will receive 10% of the cash profits generated from the sale. The determination of cash profits essentially consists of the sale proceeds minus total expenditures made by the Company on the project up to the time of the sale, including transaction costs and taxes and duties related to the sale transaction.

- In the event the Company makes a decision to mine at the Las Brujas project, the Company will establish a 75:25 unincorporated JV with the vendors, where the majority interest in the JV is owned by the Company. In the event that the Las Brujas project is sold, any right by the Vendors to participate in a JV will expire.

During the year ended July 31, 2023, as there were no planned exploration for the foreseeable future on these projects the Company recorded an impairment of \$565,007.

d) Greensands Australia

During the year ended July 31, 2023, the Company purchased a seventy-five percent (75%) interest in Greensands Australia Pty Ltd (“GAL”), which owns an exploration licence covering the Florina Greensand Project in the Northern Territory, Australia. The other 25 per cent (25%) is being acquired by Lions Bay Capital Inc. (“LBI”, “Lions Bay”), which is a related party due to common executive and directors.

Under the terms of the agreement with GAL, the Company will:

- 1) Issue 3,000,000 ordinary common shares ; (Issued, valued at \$315,000).
- 2) Agree to fund its seventy-five per cent share of Stage 1 costs estimated to be AUD \$250,000 (the Company’s share AUD \$187,500);
- 3) Agree to fund its seventy-five per share of Stage 2 costs estimated to be AUD \$1,000,000 including a scoping study (the Company’s share estimated to be AUD \$750,000).
- 4) Upon completion of the scoping study, issue an additional 3,000,000 ordinary common shares of the Company .
- 5) Should the scoping study show a pre-tax IRR of over 19 per cent then the vendors will be entitled to a bonus payment of AUD \$1,000,000 to be satisfied by cash and shares (with a minimum fifty per cent cash) (Fidelity’s share estimated to be AUD \$750,000). Any shares issued would be issued at a floor price of \$0.06.
- 6) GAL must pay a royalty of the lesser of AUD \$4 per tonne or 5% of the net sale price of products sold on the first 250,000 tonnes of production from the project (the “Royalty”). The Royalty will be reduced to AUD \$2 per tonne after the initial 250,000 tonnes. The Royalty cannot exceed 5% of the sales price of the product. Otherwise, the Royalty shall be paid on industry standard terms and conditions, to be documented within a formal Royalty Agreement.

The operations of GAL did not meet the definition of a business under IFRS 3, consequently the acquisition of the 75% interest in GAL is accounted for as the acquisition of assets. The only asset acquired was the exploration license.

Consideration consisted of the following:

3,000,000 common shares issued recorded at a share price of \$0.105	\$	315,000
Non-controlling interest on acquisition		105,000
Exploration and evaluation properties	\$	420,000

Management has determined that the fair value on the date of acquisition of the probability adjusted requirements to issue an additional 3,000,000 common of shares of the Company on completion of the scoping study and other contingent consideration is de minimis.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

7 Advances from related parties

Balance July 31, 2022	\$ -
Advances	363,805
Balance July 31, 2023	\$ 363,805
Advances	394,582
Shares for debt settlement	(425,000)
Debt forgiveness	(18,085)
Balance July 31, 2024	\$ 315,302

As at July 31, 2024, the Company has \$315,302 (July 31, 2023 - \$363,805) in advances from LBI, which is a related party due to common CFO and directors. The advances are unsecured, non-interest bearing with no repayment terms. During the period ended July 31, 2024, LBI advanced \$394,582 (2023 - \$363,805) to the Company, settled \$425,000 (2023 - \$nil) in debt for 8,500,000 common shares of the Company and forgave \$18,085 (2023 - \$nil) in debt.

8 Share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at July 31, 2024, the Company had 106,982,859 (2023 – 88,795,209) common shares issued and outstanding.

Fiscal 2024

- a) During the year ended July 31, 2024, the Company issued 4,150,000 common shares as a result of option exercises for gross proceeds of \$207,500. In connection with the exercise, the Company transferred \$155,984 from reserves to share capital.
- b) During the year ended July 31, 2024, the Company issued 14,037,650 common shares valued as part of a shares for debt settlement. As a result of the settlement transaction the Company recorded a gain on settlement of \$70,189.

Fiscal 2023

- c) During the year ended July 31, 2023, the Company issued 830,992 common shares as a result of warrant exercises for gross proceeds of \$58,170.
- d) During the year ended July 31, 2023, the Company issued 3,000,000 common shares valued at \$315,000 as part of the Greensands Australia acquisition (Note 6).

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

The following is a summary of the share purchase warrants outstanding as at July 31, 2024 and July 31, 2023:

	July 31, 2024		July 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	2,625,000	\$ 0.40	29,717,895	\$ 0.14
Expired	(2,625,000)	0.40	(26,261,903)	0.12
Exercised	-	-	(830,992)	0.07
Outstanding – as at end of the year	-	\$ -	2,625,000	\$ 0.40

As at July 31, 2024, the weighted average exercise price of the warrants outstanding was \$nil (July 31, 2024 - \$0.40) with a weighted average remaining contractual life of nil years (July 31, 2023 – 0.53 years).

9 Share based compensation

The Company adopted a fixed stock option plan whereby the aggregate number of common shares reserved for issuance, together with any other common shares reserved for issuance under any other plan or agreement of the Company, shall not exceed twenty (20%) percent of the total number of issued common shares (calculated on a non-diluted basis) as at the Company's annual general meeting.

On May 9, 2024, the Company granted an aggregate of 4,150,000 incentive stock options to certain directors, officers and consultants of the Company pursuant to the Company's previously approved stock option plan. The options are exercisable at a price of \$0.05 per share for a period of 5 years. The fair value of \$155,984 for these stock option was determined using the Black-Scholes option pricing model using the following assumptions: expected life of 5 years, volatility of 169%, annual rate of dividends of 0.00% and risk free rate of 3.68%.

On April 12, 2023, the Company granted an aggregate of 5,050,000 incentive stock options to certain directors, officers and consultants of the Company pursuant to the Company's previously approved stock option plan. The options are exercisable at a price of \$0.11 per share for a period of 5 years. The fair value of \$434,545 for these stock option was determined using the Black-Scholes option pricing model using the following assumptions: expected life of 5 years, volatility of 150%, annual rate of dividends of 0.00% and risk free rate of 3.04%.

During the year ended July 31, 2024, the Company recognized a stock-based payment expense of \$176,600 (2023 - \$413,929) related to incentive stock options granted and vested.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

The following is a summary of the stock options outstanding as at July 31, 2024 and July 31, 2023:

	July 31, 2024		July 31, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding - beginning of year	13,600,000	\$ 0.10	8,550,000	\$ 0.10
Granted	4,150,000	0.05	5,050,000	0.11
Exercised	(4,150,000)	0.05	-	-
Outstanding - end of year	13,600,000	\$ 0.10	13,600,000	\$ 0.10

Number of stock options outstanding	Number of stock options outstanding and vested	Exercise price per stock option	Expiry date
1,275,000	1,275,000	\$0.075	January 24, 2025
1,650,000	1,650,000	\$0.075	July 6, 2025
900,000	900,000	\$0.105	August 12, 2025
250,000	250,000	\$0.15	March 9, 2026
4,225,000	4,225,000	\$0.11	March 10, 2027
250,000	250,000	\$0.11	March 28, 2027
5,050,000	5,050,000	\$0.11	April 12, 2028
13,600,000	13,600,000	\$0.10	

As at July 31, 2024, the weighted average exercise price of the stock options outstanding was \$0.10 (July 31, 2023 - \$0.10) with the weighted average remaining contractual life of 2.49 years (July 31, 2023 - 3.49 years).

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

The remuneration of the Company's directors and other key management personnel during the years ended July 31, 2024 and 2023 are as follows:

	July 31, 2024	July 31, 2023
Consulting fees	\$ 210,000	\$ 356,000
Share-based payments	129,674	219,424

As at July 31, 2024 the Company had amounts payable of \$546,002 (July 31, 2023 - \$469,564) to these parties. These amounts are unsecured and non-interest bearing.

As at July 31, 2024, the Company has \$315,302 (July 31, 2023 - \$363,805) in advances from LBI, which is a related party due to common CFO and directors. The advances are unsecured, non-interest bearing with no repayment terms. During the period ended July 31, 2024, LBI advanced \$394,582 (2023 - \$363,805) to the Company, settled \$425,000 (2023 - \$nil) in debt for 8,500,000 common shares of the Company and forgave \$18,085 (2023 - \$nil) in debt.

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

11 Segment disclosures

The Company operates in three geographical and one operating segment. The operating segment relates to exploration and evaluation of mineral reserves and are managed separately based on the nature of operations.. The Company's assets by country are:

	As at July 31, 2024			
	Canada	Australia	Peru	Total
Assets				
Exploration and evaluation properties	\$ -	\$ 518,688	\$ 6,123,630	\$ 6,642,318

	As at July 31, 2023			
	Canada	Australia	Peru	Total
Assets				
Exploration and evaluation properties	\$ -	\$ 424,553	\$ 5,880,531	\$ 6,305,084

12 Capital management

The capital of the Company consists of items included in shareholders' equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company did not adjust its strategy for managing capital during the year ended July 31, 2024.

13 Commitments

On January 17, 2017, the Company completed the acquisition of Cerro Dorado S.A.C. ("Cerro Dorado"), a Peruvian Company. As part of the acquisition the Company has the following contingent consideration:

1. Issue 133,333 common shares of the Company upon the sale of 1,000 oz gold-contained ore or dore from either the mine or the plant.
2. Issue 133,333 common shares of the Company upon the sale of an additional 2,000 oz of gold-contained ore or dore (3,000 oz total) from either the mine or the plant.

The Company has completed the sale of Cerro Dorado, although as per the agreement retains the obligation to issue the contingent shares upon the above criteria.

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Notes to Consolidated Financial Statements

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(Amounts expressed in Canadian dollars, except where indicated)

On May 22, 2019, the Company completed the acquisition of a 100% interest in the Porphyritic Copper project located in the district of La Libertad, Northern Peru, by issuing 800,000 in common shares, and by making a payment of US\$7,000 in cash. Further Milestone Payments of \$500,000 and \$250,000 are payable if, within 5 years, a NI 43-101 compliant resource of >500,000T of contained copper is published by Fidelity Minerals (Milestone 1), and/or a transaction exceeding \$5,000,000 is consummated (Milestone 2), respectively. Management has determined that Milestone 1 and 2 are unlikely and therefore allocated a 0% probability of achieving them. During the year ended July 31, 2023, the Company abandoned the claims and project and therefore there is no further contingent payment related to this project.

14 Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	July 31, 2024	July 31, 2023
Loss for the year	\$ (569,196)	\$ (1,847,622)
Expected income tax recovery	(154,000)	(499,000)
Change in statutory, foreign tax, foreign exchange rates and other	(29,000)	200,000
Share issuance costs	-	(2,000)
Permanent differences	34,000	112,000
Adjustment to prior years provision and expiry of non-capital losses	(146,000)	(2,170,000)
Change in unrecognized deductible temporary differences	295,000	2,359,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	July 31, 2024		July 31, 2023	
	\$	Expiry	\$	Expiry
Temporary Differences				
Share issuance costs	24,000	2024 to 2026	26,000	2024 to 2026
Non-capital losses available for future periods	12,665,000	2026 to 2043	12,280,000	2026 to 2043
Exploration and evaluation assets	675,000	No expiry	1,734,000	No expiry
Investment tax credits	1,000	No expiry	-	-

Fidelity Minerals Corp.

Notes to Consolidated Financial Statements

For the years ended July 31, 2024 and 2023

(Amounts expressed in Canadian dollars, except where indicated)

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15 Supplemental cash flow information

	Note	For Year Ended July 31,	
		2024	2023
Fair value of shares issued on acquisition of Greensands	10	\$ -	\$ 315,000
Non-controlling interest recorded on acquisition of Greensands	6	-	105,000
Reduction in accounts payable on shares for debt transaction		206,694	-
Reduction in advances from related party on shares for debt transaction	7	425,000	-
Cash paid for interest		-	-
Cash paid for taxes		-	-

16 Subsequent event

On October 10, 2024, the Company entered into an Option Agreement (the “Agreement”) with Standard Drilling & Engineering Ltd. (“Standard”) pursuant to which Standard has granted the Company the sole and exclusive right and option (the “Option”) to acquire a 50% interest, with a right to increase to 100%, in the El Toro East project (the “Project” or “Sunsets Project”) located in British Columbia (“BC”).

Under the terms of the Agreement, the Company can acquire 100% of the Sunsets Project in two stages with each stage increasing the Company’s interest by 50%. The Company can acquire an initial 50% stake by (i) paying Standard an aggregate of \$300,000 (\$25,000 on signing (Paid), \$125,000 on completion of due diligence (November 15, 2024) and \$150,000 on or by 10 October, 2025); and (ii) incurring \$1,000,000 in Exploration Expenditures (\$500,000 by September 30, 2025; and \$500,000 by September 30, 2026); and (iii) issuing to Standard 5,000,000 shares of Fidelity by December 15, 2024.

The Company has until November 15th, 2024 to complete its due diligence review of the Sunsets Project.

Upon the Company earning the initial 50% interest, the parties will enter into a participating joint venture (“JV”) with respect to the Sunsets Project, with the Company as the initial operator of the JV. Under the JV, the Company will have the right to earn Standard’s remaining interest in the JV by: (i) paying to Standard an aggregate of \$300,000 (\$150,000 within three (3) months of the notice to Standard to earn-in to 100% of the JV (the “Notice”); and \$150,000 on or before fifteen (15) months after the Notice); and (ii) incurring \$1,000,000 in Exploration Expenditures over the 24-month period after the Notice; and (iii) within 60 days of the Notice issuing to Standard \$250,000 in shares of Fidelity (valued on the 20-day VWAP directly following the Notice).

Standard will retain a 2% net smelter return royalty (“NSR”) on the Sunsets Project and will be entitled to receive advance royalty payments under the NSR commencing two years after the first month after the JV has been formed (being \$25,000 for the first two (2) years and \$50,000 for each year thereafter). The Company can buy-down half of the NSR for \$1,000,000 at any time prior to the commencement of commercial production; the remaining portion of the Royalty retained by Standard can be purchased by the Company during the ensuing three-year period for \$4,000,000, less any monies previously paid by the Company toward the Royalty including advance Royalty payments.

The Company is currently negotiating an extension to the due diligence period and the \$125,000 payment which was required on November 15, 2024.