



FINANCIAL STATEMENTS (AMENDED)
FOR THE NINE MONTHS ENDED APRIL 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

Notice To Reader: These condensed consolidated interim financial statements for the nine months ended April 30, 2023 (the “Amended Financial Statements”) have been refiled to correct the expiry date of 2,856,500 warrants to March 4, 2024, instead of May 13, 2023, which was previously stated in the financial statements filed on June 20, 2023 (the “Former Financial Statements”) (Note 6 in the Amended Financial Statements).

All other information in the attached Amended Financial Statements remains the same as Former Financial Statements. These Amended Financial Statements replace and supersede the Former Financial Statements.

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 interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. 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.

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Tactical Resources Corp.

Condensed Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	April 30,	July 31,
	Note(s)	2023	2022
		\$	\$
ASSETS			
Current assets			
Cash		1,117,466	2,314,839
GST receivable		46,303	94,142
Prepaid expenses	3	389,171	392,949
		1,552,940	2,801,930
Non-current assets			
Equipment		3,802	5,792
Exploration and evaluation assets	4	-	265,130
Deferred acquisition costs	5	210,000	210,000
		213,802	480,922
TOTAL ASSETS		1,766,742	3,282,852
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	474,546	297,142
TOTAL LIABILITIES		474,546	297,142
SHAREHOLDERS' EQUITY			
Share capital	6	7,410,662	6,565,319
Share subscription received	6	-	175,278
Reserves	6	1,352,782	1,354,501
Deficit		(7,471,248)	(5,109,388)
TOTAL SHAREHOLDERS' EQUITY		1,292,196	2,985,710
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,766,742	3,282,852
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These unaudited condensed interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

"Ranjeet Sundher"

Ranjeet Sundher, Director

"Matt Chatterton"

Matt Chatterton, Director

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Tactical Resources Corp.

Condensed Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		April 30, 2023	April 30, 2022 (Restated - Note 2)	April 30, 2023	April 30, 2022 (Restated - Note 2)
		\$	\$	\$	\$
Expenses					
Consulting fees	7	184,046	166,811	523,416	567,617
Depreciation		663	666	1,990	1,943
Foreign exchange loss		1,274	677	20,582	8,307
General and administrative expenses		52,176	63,576	169,803	206,940
Professional fees	7	47,605	123,213	186,995	356,775
Property investigation costs	5	152,966	30,803	337,283	102,755
Share-based payments	6, 7	-	873,081	19,850	873,081
Investor relations	3	31,598	39,880	777,748	386,041
Transfer agent, regulatory and listing fees		5,056	22,705	34,967	57,458
Travel		-	1,201	3,675	24,646
Total expenses		(475,384)	(1,322,613)	(2,076,309)	(2,585,563)
Other income (expenses)					
Finance income		-	-	709	-
Impairment of exploration and evaluation assets	4	(286,260)	-	(286,260)	-
Loss and comprehensive loss		(761,644)	(1,322,613)	(2,361,860)	(2,585,563)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.02)	(0.06)	(0.07)	(0.13)
Weighted average number of common shares outstanding - basic and diluted		35,674,480	21,240,163	35,515,339	20,222,984

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Tactical Resources Corp.

Condensed Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Note(s)	Share capital		Share subscription received	Reserves	Deficit	TOTAL
		#	\$	\$	\$	\$	\$
Balance as of July 31, 2022		28,042,725	6,565,319	175,278	1,354,501	(5,109,388)	2,985,710
Shares issued for cash - exercise of warrants	6	7,631,755	823,774	(175,278)	-	-	648,496
Reclassification of grant-date fair value on exercise of warrants	6	-	21,569	-	(21,569)	-	-
Share-based payments	6, 7	-	-	-	19,850	-	19,850
Loss and comprehensive loss		-	-	-	-	(2,361,860)	(2,361,860)
Balance as of April 30, 2023		35,674,480	7,410,662	-	1,352,782	(7,471,248)	1,292,196
Balance as of July 31, 2021		14,357,500	310,490	-	5,338,148	(970,829)	4,677,809
Fair value of common shares issued on conversion of special warrants	6	5,713,000	5,063,850	-	(5,063,850)	-	-
Shares issued for exploration and evaluation assets	4, 6	1,100,000	254,500	-	-	-	254,500
Cancellation of warrants		-	-	-	(220)	-	(220)
Share-based payments		-	-	-	873,081	-	873,081
Loss and comprehensive loss		-	-	-	-	(2,585,563)	(2,585,563)
Balance as of April 30, 2022		21,170,500	5,628,840	-	1,147,159	(3,556,392)	3,219,607

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Tactical Resources Corp.

Condensed Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the nine months ended	
		April 30, 2023	April 30, 2022 (Restated - Note 2)
		\$	\$
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss		(2,361,860)	(2,585,563)
Adjustments for items not affecting cash:			
Depreciation		1,990	1,943
Impairment of exploration and evaluation assets	4	286,260	-
Share-based payments	6, 7	19,850	873,081
Net changes in non-cash working capital items:			
GST receivable		47,839	(19,657)
Prepaid expenses		3,778	(586,426)
Accounts payable and accrued liabilities		177,404	(134,666)
Cash flow used in operating activities		(1,824,739)	(2,451,288)
INVESTING ACTIVITIES			
Option payments on exploration and evaluation assets	4	(21,130)	(20,000)
Exploration costs on exploration and evaluation assets	4	-	(147,252)
Purchase of equipment		-	(2,215)
Cash flow used in investing activities		(21,130)	(169,467)
FINANCING ACTIVITIES			
Cash paid for cancellation of warrants		-	(220)
Proceeds on exercise of warrants	6	648,496	-
Cash flow provided by (used in) financing activities		648,496	(220)
Decrease in cash		(1,197,373)	(2,620,975)
Cash, beginning of period		2,314,839	4,617,481
Cash, end of period		1,117,466	1,996,506
Supplemental cash flow information			
Reclassification of grant-date fair value on exercise of warrants	6	21,569	-
Shares issued for conversion of special warrants	6	-	5,063,850
Shares issued for deferred acquisition costs	5, 6	-	210,000
Shares issued for exploration and evaluation assets	4, 6	-	222,500
Cash paid for income taxes		-	-
Cash paid for interest		-	-

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Tactical Resources Corp. (formerly DJ1 Capital Corp.) (the “Company”) was incorporated under the Business Corporations Act of British Columbia on June 25, 2018 as DJ1 Capital Corp. On March 25, 2021, the Company changed its name to Tactical Resources Corp. The principal business of the Company is exploration and development of Rare Earth Elements (“REE”). The Company’s registered and records office address is located at 1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver, BC V6E 4N7.

On March 14, 2022 (the “Listing Date”), the Company listed on the Canadian Securities Exchange (the “CSE”) under the symbol “RARE”.

Going concern

At April 30, 2023, the Company has not generated revenue from operations, has an accumulated deficit of \$7,471,248 (July 31, 2022 – \$5,109,388) and a working capital of \$1,078,394 (July 31, 2022 – \$2,504,788), and expects to incur further losses in the exploration and evaluation of its mineral properties. 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. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company’s ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The junior mining industry is considered speculative in nature which could make the Company more difficult to fund.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Financial Reporting and Disclosure during Economic Uncertainty

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)**Basis of preparation**

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended July 31, 2022.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on June 20, 2023.

Restatement of financial information for the nine months ended April 30, 2022

During the year ended July 31, 2022, the Company reclassified the shares issued and finders' fees paid on Sierra Blanca Quarry Project as deferred acquisition costs and expensed the associated expenditures as property investigation costs; as a result of the revision, the Company restated the financial information for the three months and nine months ended April 30, 2022 to reflect the effect of the revision.

The following table summarizes the impact of the statements of loss and comprehensive loss for the three months and nine months ended April 30, 2022, and the statement of cash flow for the nine months ended April 30, 2022:

Effect on statements of loss and comprehensive loss

	For the three months ended April 30, 2022		
	As previously presented	Change	As restated
	\$	\$	\$
Property investigation costs	-	30,803	30,803
Loss for the period	(1,291,810)	(30,803)	(1,322,613)
Total comprehensive loss	(1,291,810)	(30,803)	(1,322,613)

	For the nine months ended April 30, 2022		
	As previously presented	Change	As restated
	\$	\$	\$
Property investigation costs	-	102,755	102,755
Loss for the period	(2,482,808)	(102,755)	(2,585,563)
Total comprehensive loss	(2,482,808)	(102,755)	(2,585,563)

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION (CONTINUED)

Effect on statements of cash flows

	For the nine months ended April 30, 2022		
	As previously presented \$	Change \$	As restated \$
OPERATING ACTIVITIES			
Loss for the period	(2,482,808)	(102,755)	(2,585,563)
Cash flow used in operating activities	(2,348,533)	(102,755)	(2,451,288)
INVESTING ACTIVITIES			
Exploration costs on exploration and evaluation assets	(250,007)	102,755	(147,252)
Cash flow used in investing activities	(272,222)	102,755	(169,467)
Supplementary cash flow information			
Shares issued for exploration and evaluation assets	432,500	(210,000)	222,500
Shares issued for deferred acquisition costs	-	210,000	210,000

There were no changes in cash flows provided by financing activities.

Recent Accounting Pronouncements

The Company has not identified any new accounting pronouncements that are likely to have a material impact on these unaudited condensed interim financial statements.

New Accounting Standards and Interpretations

There were no recently adopted accounting standards with a material impact to the financial statements during the nine months ended April 30, 2023.

3. PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for services which will be amortized over the term of the contract.

During the year ended July 31, 2021, the Company entered into an arms-length agreement with a company for marketing services. The Company paid \$628,412 (US\$500,000) in consideration for the marketing services. These amounts were initially classified as prepaid expenses and will be expensed when the services are provided. As of April 30, 2023, \$nil remains in prepaid expenses as vendor deposits (July 31, 2022 – \$329,673).

During the nine months ended April 30, 2023, the Company entered into an arms-length agreement with a company for marketing services. The Company paid \$594,996 (US\$450,000) in consideration for the marketing services. These amounts were initially classified as prepaid expenses and will be expensed when the services are provided. As of April 30, 2023, \$313,297 remains in prepaid expenses as vendor deposits. Subsequent to April 30, 2023, the Company terminated the agreement and received a refund for the remaining balance of the vendor deposits.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Lac Ducharme Property \$
Balance as of July 31, 2022	265,130
Exploration expenditures	
- Consulting	17,500
- Technical studies	3,630
	21,130
Impairments	(286,260)
Balance as of April 30, 2023	-

SAM Property

On August 26, 2020, and as amended on December 30, 2020 and June 21, 2021, the Company entered into a property option agreement (the "Taiga Agreement") with Taiga Gold Corp. (CSE:TGC) ("Taiga"). Taiga holds a 100% interest in a series of mineral claims located in the Amisk Lake region in the Province of Saskatchewan (the "SAM Property"). Pursuant to the Taiga Agreement, the Company has an option to earn 60% interest in the SAM Property (the "SAM Option"), subject to a 2% net smelter returns royalty ("NSR"). The Company has the right, at any time prior to commencing commercial production from the SAM Property, to reduce the NSR from 2% to 1% in consideration for a one-time payment to Taiga of \$1,000,000.

In order to exercise the SAM Option, the Company is required to list its shares on any Canadian stock exchange (the "Going Public Transaction"), make cash and share payments to Taiga, and incur property expenditures as follows:

- Cash payment of \$10,000 (paid) upon entering a letter of intent with Taiga;
- Cash payment of \$20,000 (paid) upon the execution of the Taiga Agreement;
- Cash payment of \$20,000 (paid), and the issuance of 150,000 common shares of the Company (issued with a fair value of \$30,000) upon completing the Going Public Transaction, or on December 24, 2020, whichever is earlier;
- Cash payment of \$20,000 (paid) and the issuance of 50,000 common shares of the Company (issued with fair value of \$44,500) and incurring \$100,000 in expenditures on the SAM Property (incurred) on or before September 30, 2021;
- Issuance of 200,000 shares of the Company by the earlier of first anniversary of the Going Public Transaction or March 31, 2022 (issued with a fair value of \$188,000);
- Cash payment of \$60,000, issuance of an additional 200,000 common shares of the Company and incurring a further \$600,000 in expenditures on the SAM Property by the earlier of the eighteen-month anniversary of the Going Public Transaction or September 30, 2022;
- Cash payment of \$100,000, issuance of an additional 200,000 common shares of the Company and incurring a further \$800,000 in expenditures on the SAM Property by the earlier of the thirty-month anniversary of the Going Public Transaction or September 30, 2023;
- Cash payment of \$270,000 (or issuing the equivalent value in shares at the election of Taiga), issuance of an additional 200,000 common shares of the Company and incurring a further \$1,000,000 in expenditures on the SAM Property by the earlier of the forty-two-month anniversary of the Going Public Transaction or September 30, 2024; and
- Incurring a further \$1,500,000 in expenditures on the SAM Property by the earlier of the fifty-four-month anniversary of the Going Public Transaction or September 30, 2025.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

SAM Property (continued)

In executing the Taiga Agreement, during the year ended July 31, 2021, the Company issued 200,000 common shares with a fair value of \$3,400 for finder's fees, which have been capitalized to exploration and evaluation assets.

In addition, the Company decided to terminate the Taiga Agreement with the consent of Taiga; as a result, during the year ended July 31, 2022, the Company impaired the carrying value of the SAM Property and recognized an impairment loss of \$520,729 in the statement of loss and comprehensive loss.

Lac Ducharme Project

On March 1, 2021 (the "LDP Effective Date"), the Company entered into a property option agreement (the "DIG Agreement") with Doctors Investment Group Ltd. ("DIG") which 100% owned the Lac Ducharme Project (the "Lac Ducharme Project"). Pursuant to the DIG Agreement, the Company has an option to earn 100% interest in the Lac Ducharme Project (the "LDP Option"), subject to a 3% NSR. The Lac Ducharme Project is located in Quebec, Canada.

To exercise the LDP Option, the Company is required to make a total cash payment of \$60,000 and issue 510,000 common shares of the Company to DIG as follows:

	Cash payment (\$)	Common shares (#)
On or before the date that is seven days after the LDP Effective Date	30,000 (paid)	60,000 (issued with fair value of \$12,000)
On or before the date that is fourteen months after the LDP Effective Date	30,000 (paid)	100,000 (issued with fair value of \$81,000)
On or before the date that is twenty-eight months after the LDP Effective Date	-	350,000

In addition, the Company is also required to incur \$750,000 in expenditures (the "LDP E&E Expenditures") on Lac Ducharme Project, which was amended on April 29, 2022 as follows:

	Pre-Amendment (\$)	Post-Amendment (\$)
On or before the date that is fourteen months after the LDP Effective Date	250,000	45,000 (incurred)
On or before the date that is twenty months after the LDP Effective Date	-	55,000 (incurred)
On or before the date that is twenty-eight months after the LDP Effective Date	500,000	650,000

At any time during the term of the DIG Agreement, the Company shall have the right to accelerate the cash payments, share issuances or expenditures.

The Company shall have the right to purchase one-third of the NSR from DIG at any time after the LDP Option has been exercised for a one-time consideration of \$1,000,000.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Lac Ducharme Project

In executing the DIG Agreement, during the year ended July 31, 2021, the Company issued 10,000 common shares with a fair value of \$2,000 for finder's fees which have been capitalized to exploration and evaluation assets. These shares are subject to an escrow arrangement.

On April 23, 2023, the Company decided not to exercise the LDP Option to acquire the Lac Ducharme Project and terminated the DIG Agreement with DIG. As a result of the termination of the DIG Agreement, the Company is no longer obligated to make the remaining option payments and incurred the LDP E&E Expenditures pursuant to the DIG Agreement.

During the nine months ended April 30, 2023, the Company impaired the carrying value of the Lac Ducharme Project and recognized an impairment loss of \$286,260 in the statement of loss and comprehensive loss.

5. DEFERRED ACQUISITION COSTS

Sierra Blanca Quarry Project

On July 14, 2021, the Company entered into an assignment and assumption agreement (the "SBQ Assignment Agreement") with Peak 6891 LLC ("Peak"). Peak is party to an agreement dated June 1, 2021 with Sierra Blanca Quarry, LLC ("SBQ LLC"), Dennis Walker and Becky Dean Walker (the "SBQ Offtake Agreement"), pursuant to which Peak was granted the rights to acquire certain crushed ore and tailings materials extracted by SBQ LLC from the Sierra Blanca Quarry, located in Hudspeth County in the State of Texas. Pursuant to the Assignment Agreement, on August 11, 2021, (the "SBQ Closing Date"), Peak assigned all of its rights and obligations under the Offtake Agreement to the Company.

In consideration for the SBQ Assignment Agreement, on the SBQ Closing Date, the Company issued 1,000,000 common shares (the "SBQ Consideration Shares") with a fair value of \$200,000, which have been capitalized to deferred acquisition costs. The SBQ Consideration Shares issued are subject to an escrow arrangement (Note 6 – Escrow Agreement). As of April 30, 2023 and July 31, 2022, the Company has not completed the acquisition of crushed ore or tailings materials and accordingly the costs incurred are recorded as deferred acquisition costs.

As further consideration for the SBQ Assignment Agreement, following the SBQ Closing Date, the Company is committed to the following additional payments which will be satisfied through the issuance of common shares of the Company (collectively, the "SBQ Milestone Shares"):

- \$250,000 upon receipt by the Company or any affiliate of a building permit and completion of construction bid set, including applicable specifications for construction, execution, operation and commercial production, for a facility (a "SBQ Processing Facility") to process material acquired by the Company pursuant to the SBQ Offtake Agreement, or any successor agreement;
- \$156,250 for each US\$2,000,000 of government grants received by the Company or any affiliate, in connection with the development and operation of the SBQ Processing Facility, to a maximum of \$1,171,875 provided that the final payment will be reduced in the event the maximum threshold has been reached;
- \$50,000 for each US\$2,000,000 of government loan guarantees received by the Company or any affiliate, in connection with the development and operation of the SBQ Processing Facility, to a maximum of \$625,000, provided that the final payment will be reduced in the event the maximum threshold has been reached;

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

5. DEFERRED ACQUISITION COSTS (CONTINUED)

Sierra Blanca Quarry Project (continued)

- \$500,000 upon the Company or any affiliate reaching a decision to commence commercial production of HREE oxides or other refined metals at the SBQ Processing Facility; and
- \$250,000 upon the Company or any affiliate entering into a binding agreement to acquire commercial offtake material produced by the SBQ Processing Facility.

In addition, on July 14, 2021, in connection with the SBQ Assignment Agreement, the Company entered into an agreement ("SBQ Finders' Fee Agreement") with Oasis SB Inc. ("Oasis") that introduced the transaction contemplated by the SBQ Assignment Agreement and assisted the Company in facilitating the transaction. Pursuant to the SBQ Finders' Fee Agreement, the Company agreed to issue 50,000 common shares of the Company (the "Oasis Finders' Shares") to Oasis for the services provided. The Oasis Finders' Shares were issued during the year ended July 31, 2022 with a fair value of \$10,000, which have been included in capitalized deferred acquisition costs.

The Oasis Finders' Shares issued are subject to an escrow arrangement (Note 6 – Escrow Agreement).

On July 30, 2021, the Company and SBQ LLC entered into a purchase and sale agreement ("SBQ P&S Agreement") to replace the Offtake Agreement. SBQ LLC owns and operates a surface metal mine that specializes in rhyolite, granite and other similar igneous rock, that is located in Sierra Blanca, Texas.

SBQ LLC has generated a stockpile located on the Surface Area that contains a minimum of 4 million tons of tailings (the "Tailings"). SBQ LLC has agreed to sell to the Company, the Tailings, in amounts selected by SBQ LLC, in its sole discretion, all on and subject to the terms and conditions of the SBQ P&S Agreement.

Delivery Schedule

- (i) A maximum of 45 days after commercial production decision and before November 30 of each calendar year, SBQ LLC shall advise the Company of the amount of Tailings that shall be available for purchase. The Company also has the option to purchase additional Tailings mined from the premises as and when the same become available on the same terms and conditions as set forth in the SBQ Agreement.
- (ii) A maximum of 15 days after the date set forth in Delivery Schedule (i) above, the Company shall advise SBQ LLC of the amount of Tailings the Company shall purchase for the remainder of the calendar year, or the upcoming calendar year, subject to the following maximum amounts:
 - 600,000 tons in Calendar Year 2021,
 - 1,300,000 tons in Calendar Year 2022,
 - 1,300,000 tons in Calendar Year 2023, and
 - 1,300,000 tons in Calendar Year 2024.

During the years ended July 31, 2022 and 2021, no Tailings were purchased by the Company.

On May 13, 2022, the Company entered into an amendment of the SBQ Assignment P&S Agreement (the "Amended SBQ Assignment P&S Agreement") to provide an option to the Company to purchase all of the membership interest of SBQ LLC or partially of the membership interest of SBQ LLC with the consent of Dennis Walker and Becky Dean Walker on or before July 31, 2026. The purchase price of the membership interest of SBQ LLC will be determined by the Company and SBQ LLC based on the fair market value of SBQ LLC.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

5. DEFERRED ACQUISITION COSTS (CONTINUED)

Sierra Blanca Quarry Project (continued)

During the nine months ended April 30, 2023, the Company expensed \$337,283 in property investigation costs related to the Sierra Blanca Quarry Project (April 30, 2022 – \$102,755 (Note 2)). These costs were incurred to evaluate the Sierra Blanca Quarry Project and to assess the potential of processing the Tailings into rare earth metals.

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At April 30, 2023, the Company had 35,674,480 (July 31, 2022 – 28,042,725) common shares issued and outstanding of which 14,860,000 common shares are subject to an escrow arrangement (Note 6 – Escrow Agreement).

During the nine months ended April 30, 2023

- 7,631,755 warrants were exercised for proceeds of \$823,774 of which \$175,278 was received during the year ended July 31, 2022. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$21,569 from warrants reserve to share capital.

During the nine months ended April 30, 2022

- As discussed in Note 5, on August 11, 2021, the Company issued 1,000,000 SBQ Consideration Shares with a fair value of \$200,000 pursuant to the SBQ Assignment Agreement.
- As discussed in Note 5, on August 11, 2021, the Company issued 50,000 Oasis Finders' Shares with a fair value of \$10,000 pursuant to the SBQ Finders' Fee Agreement.
- On September 14, 2021, the Company issued 5,713,000 units upon exercise of the special warrants which were issued on May 13, 2021. The Company reclassified the proceeds of \$5,287,745, net of issuance costs of \$425,255, from reserves to share capital.

Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$2.50 at any time prior to March 4, 2024.

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the exercise of the special warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.39%, an expected life of 2 years, an expected volatility of 108% and an expected dividend yield of 0%, which totaled \$223,895, and recorded this value in warrants reserve. Volatility is calculated based on the volatility of companies of similar size in the junior mining sector. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of \$5,063,850 was recorded as common shares.

- As discussed in Note 4, on September 30, 2021, the Company issued 50,000 common shares with fair value of \$44,500 pursuant to the Taiga Agreement.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

Warrants

The following table summarizes the changes in warrants outstanding during the nine months ended April 30, 2023:

	Number outstanding	Weighted average exercise price (\$)
Balance, opening	20,197,080	0.53
Exercised	(7,631,755)	0.11
Expired	(9,368,040)	0.25
Balance, closing	3,197,285	2.37

During the nine months ended April 30, 2023, 9,368,040 warrants expired unexercised.

No warrants were granted, exercised or cancelled during the nine months ended April 30, 2022.

The following summarizes information about warrants outstanding as of April 30, 2023:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 13, 2023	1.25	340,785	9,386	0.04
March 4, 2024	2.50	2,856,500	223,498	0.85
		3,197,285	232,884	0.76
Weighted average exercise price (\$)		2.37		

Subsequent to April 30, 2023, 340,785 warrants expired unexercised.

Incentive Plan

On July 14, 2022, the Board of Directors adopted an omnibus incentive plan as a 20% rolling plan (the "Plan"), pursuant to which the Company may grant stock options and restricted share units ("RSUs") to the Company's directors, officers, employees, and consultants.

Under the Plan, the number of stock options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. Stock options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

Under the Plan, the number of RSUs that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. The RSUs will be subject to any restriction imposed by the Board of Directors.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)**Incentive Plan (continued)**

- Stock Options**

The following table summarizes the changes in warrants outstanding during the nine months ended April 30, 2023:

	Number outstanding	Weighted average exercise price (\$)
Balance, opening	1,900,000	1.04
Granted	100,000	1.04
Cancelled	(2,000,000)	1.04
Balance, closing	-	-

During the nine months ended April 30, 2023

- On September 29, 2022, the Company granted a total of 100,000 stock options to certain directors of the Company in accordance with the Plan. The options vest immediately and are exercisable at a price of \$1.04 for a period of twenty-four months.
- The Company cancelled 2,000,000 stock options with an exercise price of \$1.04.

During the nine months ended April 30, 2022

- On March 15, 2022, the Company granted a total of 1,900,000 incentive stock options to certain officers, directors and consultants of the Company in accordance with the Plan. The options vest immediately and are exercisable at a price of \$1.04 for a period of twenty-four months.

The estimated grant date fair value of the options granted during the nine months ended April 30, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the nine months ended	
	April 30, 2023	April 30, 2022
	\$	\$
Number of options granted	100,000	1,900,000
Risk-free interest rate	3.76%	174.00%
Expected annual volatility	96%	105%
Expected life (in years)	2	2
Grant date fair value per option (\$)	0.20	0.57
Share price at grant date (\$)	0.55	1.04

During the nine months ended April 30, 2023, the Company recognized share-based payments expense arising from stock options of \$19,850 (April 30, 2022 – \$873,081).

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

Incentive Plan

- **RSUs**

No RSUs were granted, exercised or cancelled during the nine months ended April 30, 2023 and 2022.

As of April 30, 2023 and July 31, 2022, no RSUs were issued and outstanding.

Escrow Agreement

Certain common shares and warrants issued by the Company are subject to either an escrow agreement entered into on February 28, 2022 (the "Escrow Agreement"), or contractual restrictions on transfer. Those common shares and warrants will be released from escrow as follows:

- For the 13,800,000 common shares issued in connection with the non-brokered private placement financing completed on August 3, 2020, 13,371,850 common shares which are held by non-related parties of the Company are subject to a 12-month escrow, with 20% of such common shares released from escrow on the Listing Date, with an additional 20% of the Common Shares released from escrow every three months thereafter.

428,150 common shares which are held by related parties of the Company are subject to a 36-month escrow pursuant to the Escrow Agreement, with 10% of such common shares released from escrow on the Listing Date, with an additional 15% of the Common Shares released from escrow over the 36-months following the Listing Date.

- Shares issued through the exercise of the 13,800,000 warrants issued in connection with the non-brokered private placement financing completed on August 3, 2020, 13,372,475 warrants which are held by non-related parties of the Company are subject to an escrow arrangement for four months from the Listing Date, with 20% of the securities released from escrow on the Listing Date and an additional 20% every month thereafter.

427,525 warrants which are held by related parties of the Company are subject to a 36-month escrow pursuant to the Escrow Agreement, with 10% of such common shares released from escrow on the Listing Date, with an additional 15% of the Common Shares released from escrow over the 36-months following the Listing Date.

- The 9,772,020 warrants issued on April 16, 2021 are subject to an escrow arrangement for a period of twelve months from the Listing Date, during which time the warrants, and any common shares issued upon the exercise of the warrants, may not be traded, transferred, assigned or otherwise encumbered without the prior consent of the CSE.
- The 1,000,000 SBQ Consideration Shares and the 50,000 Oasis Finders' Shares (Note 4) are subject to a contractual escrow arrangement such that 20% of such shares will be released on August 11, 2022 and an additional 20% every three months thereafter.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

The Company's related parties as defined by IAS 24, Related Party Disclosures, include the following directors, executive officers, key management personnel, and enterprises which are controlled by these individuals:

<u>Related Party</u>	<u>Relationship</u>
Ranjeet Sundher	CEO and Director
Alnesh Mohan	CFO
Matt Chatterton	Director
Kuljit (Jeet) Basi	Director
J. Garry Clark	Director
Mark Mukhija	Director
Abhishek Tamot	Former Director
1323552 BC Ltd.	A company in which the CEO is a principal
Quantum Advisory Partners LLP	A partnership in which the CFO is a partner
Number Eight Management Ltd.	A company in which a director is a principal
SVK Metrix Inc.	A company in which a director is a principal
Pine Tree Partners Inc.	A company in which a former director is a principal

The following table discloses the total compensation incurred to the Company's key management personnel during the nine months ended April 30, 2023 and 2022:

	<u>For the nine months ended</u>	
	<u>April 30, 2023</u>	<u>April 30, 2022</u>
	<u>\$</u>	<u>\$</u>
Ranjeet Sundher, CEO and Director		
Consulting fees ⁽¹⁾	90,000	90,000
Alnesh Mohan, CFO		
Professional fees ⁽²⁾	80,800	83,580
Kuljit (Jeet) Basi, Director		
Consulting fees ⁽³⁾	90,000	86,400
Matt Chatterton, Director		
Consulting fees ⁽⁴⁾	12,000	-
Mark Mukhija, Director		
Share-based payments	9,925	-
J. Garry Clark, Director		
Share-based payments	9,925	-
Abhishek Tamot, Former Director		
Consulting fees ⁽⁵⁾	-	30,000
TOTAL	292,650	289,980

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

- (1) Paid to 1323552 BC Ltd.
- (2) Paid to Quantum Advisory Partners LLP. Fees consist of CFO, financial reporting and accounting support services.
- (3) Paid to SVK Metrix Inc.
- (4) Paid to Number Eight Management Ltd.
- (5) Paid to Pine Tree Partners Inc.

Related party balances

The balances due to the Company's directors and officers included in accounts payable and accrued liabilities were \$100,980 as at April 30, 2023 (July 31, 2022 – \$89,222). These amounts are unsecured, non-interest bearing and payable on demand.

8. COMMITMENTS

The Company is committed to certain cash payments and share issuances under the property option agreements as described in Note 4.

9. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties.

As of April 30, 2023 and July 31, 2022, all of the Company's non-current assets are located in Canada.

10. CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

There have been no changes to the Company's approach to capital management at any time during the nine months April 30, 2023. The Company is not subject to externally imposed capital requirements.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash and accounts payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at April 30, 2023 and July 31, 2022, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

As at April 30, 2023 and July 31, 2022, there were no financial assets or liabilities measured and recognized in the consolidated statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

Set out below are the Company's financial assets and financial liabilities by category:

	April 30, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash	1,117,466	-	1,117,466	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(474,546)	-	(474,546)	-

	July 31, 2022	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash	2,314,839	-	2,314,839	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(297,142)	-	(297,142)	-

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash based in Canada is accessible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow in the upcoming year will be through equity financings.

Liquidity risk (continued)

At April 30, 2023, the Company had cash of \$1,117,466 and accounts payable and accrued liabilities of \$474,546. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of April 30, 2023, the Company's cash is placed in an interest-free account at a Canadian chartered bank and does not hold any variance interest-bearing debt; as a result, the Company is not subject to any risks due to the fluctuation of the interest rate.

- Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CA\$"). The Company has not entered into any foreign currency contracts to mitigate the risk.

The Company's accounts payable is held in CA\$ and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CA\$.

Tactical Resources Corp.

Notes to the Financial Statements

For The Nine months ended April 30, 2023

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Market risk (continued)

- Currency risk (continued)

The Company's financial instruments were denominated as follows as at April 30, 2023:

	CA\$	US\$
Cash	1,117,466	-
Accounts payable and accrued liabilities	(405,014)	(51,339)
	712,452	(51,339)
Rate to convert to \$1.00 CA\$	1.00	1.35
Equivalent to CA\$	712,452	(69,532)

Based on the above net exposures as at April 30, 2023, and assuming that all other variables remain constant, a 10% change of the CA\$ against the US would change profit or loss by approximately \$7,000.

- Other price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.