



**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2023**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

**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	October 31,	July 31,
	Note(s)	2023	2023
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		932,731	1,125,043
GST receivable		15,216	61,812
Prepaid expenses and other receivables		101,282	83,709
		<b>1,049,229</b>	<b>1,270,564</b>
<b>Non-current assets</b>			
Equipment		2,476	3,139
Deferred acquisition costs	3	210,000	210,000
		<b>212,476</b>	<b>213,139</b>
<b>TOTAL ASSETS</b>		<b>1,261,705</b>	<b>1,483,703</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4, 6	692,543	122,868
<b>Non-current liabilities</b>			
Non-current accounts payable	4, 6	-	330,640
<b>TOTAL LIABILITIES</b>		<b>692,543</b>	<b>453,508</b>
<b>EQUITY</b>			
Share capital	5	7,410,662	7,410,662
Reserves	5	1,352,782	1,352,782
Deficit		(8,194,282)	(7,733,249)
<b>TOTAL EQUITY</b>		<b>569,162</b>	<b>1,030,195</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,261,705</b>	<b>1,483,703</b>
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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	
		October 31, 2023	October 31, 2022
		\$	\$
<b>Expenses</b>			
Consulting fees	6	95,976	175,126
Depreciation		663	666
Foreign exchange loss		3,215	19,227
General and administrative expenses		9,218	59,966
Professional fees	6	187,662	57,835
Property investigation costs	3	121,672	113,110
Share-based payments	5	-	19,850
Investor relations		3,550	621,972
Transfer agent, regulatory and listing fees		26,095	18,665
Travel		-	232
<b>Total expenses</b>		<b>(448,051)</b>	<b>(1,086,649)</b>
<b>Other expenses</b>			
Accretion of interest	4	(12,982)	-
<b>Loss and comprehensive loss</b>		<b>(461,033)</b>	<b>(1,086,649)</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)</b>		<b>(0.01)</b>	<b>(0.03)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>35,674,480</b>	<b>35,202,246</b>

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)

	Share capital		Share subscription received	Reserves	Deficit	TOTAL
Note(s)	#	\$	\$	\$	\$	\$
<b>Balance as of July 31, 2023</b>	<b>35,674,480</b>	<b>7,410,662</b>	-	<b>1,352,782</b>	<b>(7,733,249)</b>	<b>1,030,195</b>
Loss and comprehensive loss	-	-	-	-	(461,033)	<b>(461,033)</b>
<b>Balance as of October 31, 2023</b>	<b>35,674,480</b>	<b>7,410,662</b>	-	<b>1,352,782</b>	<b>(8,194,282)</b>	<b>569,162</b>
<b>Balance as of July 31, 2022</b>	<b>28,042,725</b>	<b>6,565,319</b>	<b>175,278</b>	<b>1,354,501</b>	<b>(5,109,388)</b>	<b>2,985,710</b>
Shares issued for cash - warrants exercise	7,631,755	823,774	(175,278)	-	-	648,496
Reclassification of grant-date fair value on exercise of warrants	-	21,569	-	(21,569)	-	-
Share-based payments	-	-	-	19,850	-	19,850
Loss and comprehensive loss	-	-	-	-	(1,086,649)	(1,086,649)
<b>Balance as of October 31, 2022</b>	<b>35,674,480</b>	<b>7,410,662</b>	-	<b>1,352,782</b>	<b>(6,196,037)</b>	<b>2,567,407</b>

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 three months ended	
		October 31, 2023	October 31, 2022
		\$	\$
<b>Cash flow from (used in)</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Net loss</b>		(461,033)	(1,086,649)
<b>Adjustments for items not affecting cash:</b>			
Accretion of interest	4	12,982	-
Depreciation		663	666
Share-based payments	5	-	19,850
<b>Net changes in non-cash working capital items:</b>			
GST receivable		46,596	(18,955)
Prepaid expenses and other receivables		(17,573)	(97,513)
Accounts payable and accrued liabilities		226,053	(175,962)
<b>Cash flow used in operating activities</b>		<b>(192,312)</b>	<b>(1,358,563)</b>
<b>INVESTING ACTIVITIES</b>			
Exploration costs on exploration and evaluation assets		-	(3,630)
<b>Cash flow used in investing activities</b>		<b>-</b>	<b>(3,630)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds on exercise of warrants	5	-	648,496
<b>Cash flow provided by financing activities</b>		<b>-</b>	<b>648,496</b>
<b>Decrease in cash</b>		<b>(192,312)</b>	<b>(713,697)</b>
<b>Cash, beginning of period</b>		<b>1,125,043</b>	<b>2,314,839</b>
<b>Cash, end of period</b>		<b>932,731</b>	<b>1,601,142</b>
<b>Supplemental cash flow information</b>			
Reclassification of accounts payable to non-current accounts payable	4	345,611	-
Reclassification of grant-date fair value on exercise of warrants	5	-	21,569
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 (unaudited)  
For The Three Months Ended October 31, 2023  
(Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS**

Tactical Resources 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”.

On August 31, 2023, the Company delisted from the CSE and listed on TSX Venture Exchange (the “TSXV”).

#### **Going concern**

At October 31, 2023, the Company has not generated revenue from operations, has an accumulated deficit of \$8,194,282 (July 31, 2023 – \$7,733,249) and a working capital of \$356,686 (July 31, 2023 – \$1,147,696), and expects to incur further losses in assessing the Sierra Blanca Quarry Project and 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 Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

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### **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, 2023.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on December 19, 2023.

#### **Adoption of new accounting pronouncements**

The Company has not adopted any new accounting pronouncements or standards that had a material impact on the financial statements.

#### **Future accounting standards**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after August 1, 2023. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after August 1, 2023 will have a significant impact on the Company's future results of operations or financial position.

### **3. 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 7 – Escrow Agreement). As of October 31, 2023 and July 31, 2023, 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;

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

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### 3. DEFERRED ACQUISITION COSTS (CONTINUED)

#### **Sierra Blanca Quarry Project (continued)**

- \$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;
- \$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 5 – 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.

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

### 3. DEFERRED ACQUISITION COSTS (CONTINUED)

#### Sierra Blanca Quarry Project (continued)

During the three months ended October 31, 2023 and 2022, 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.

During the three months ended October 31, 2023, the Company expensed \$121,672 in property investigation costs related to the Sierra Blanca Quarry Project (October 31, 2022 – \$113,110). These costs were incurred to evaluate the Sierra Blanca Quarry Project and to assess the potential of processing the Tailings into rare earth metals.

Following is the breakdown of the property investigation costs incurred during the three months ended October 31, 2023:

	For the three months ended	
	October 31, 2023	October 31, 2022
	\$	\$
Field	-	1,000
Geological	-	3,645
Logistics	-	4,077
Project management	21,252	20,064
Sample analysis	-	2,352
Technical studies	100,420	80,601
Travel	-	1,371
	<b>121,672</b>	<b>113,110</b>

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balance of accounts payable and accrued liabilities as of October 31, 2023 (\$692,543) includes \$345,611 which the service providers agreed to extend the due date to September 1, 2024 (July 31, 2023 – \$122,868 and \$330,640 was classified as accounts payable and accrued liabilities and non-current accounts payable, respectively).

On July 1, 2023, the Company entered into agreements with various service providers to extend the due date of the outstanding payable with an amount of \$390,503 to September 1, 2024.

As a result of the extension, for accounting purposes, the Company calculated the fair value of the accounts payable (\$326,634) as of July 1, 2023 by using the risk-adjusted discount rate of 16.5%. The extension of the accounts payable has been considered as an extinguishment of debt pursuant to IFRS 9 Financial Instruments. As a result, a gain on extinguishment of \$63,869 has been recognized in the statement of loss and comprehensive loss during the year ended July 31, 2023 and a decrease in the carrying value of the accounts payable. The discount is being amortized over the extended period of the accounts payable.

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (CONTINUED)

	\$
<b>Balance as of July 31, 2023</b>	330,640
Interest	12,982
Effect of movements on exchange rates	1,989
<b>Balance as of July 31, 2024</b>	<b>345,611</b>

During the three months ended October 31, 2023, accretion expense of \$12,982 was recorded as finance costs with a corresponding increase in the carrying value of the accounts payable (October 31, 2022 – \$nil).

### 5. SHARE CAPITAL

#### Authorized share capital

Unlimited number of common shares without par value.

#### Issued share capital

At October 31, 2023, the Company had 35,674,480 (July 31, 2023 – 35,674,480) common shares issued and outstanding of which 14,860,000 common shares are subject to an escrow arrangement (See “Escrow Agreement”).

During the three months ended October 31, 2023, no share capital transactions occurred.

During the three months ended October 31, 2022, 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.

#### Warrants

During the three months ended October 31, 2023, no warrants were issued, exercised or cancelled.

During the three months ended October 31, 2022, 9,368,040 warrants expired unexercised.

The following summarizes information about warrants outstanding as of October 31, 2023:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>Warrants outstanding</u>	<u>Estimated grant date fair value (\$)</u>	<u>Weighted average remaining contractual life (in years)</u>
March 14, 2024	2.50	2,856,500	223,498	0.37
		<b>2,856,500</b>	<b>223,498</b>	<b>0.37</b>
<b>Weighted average exercise price (\$)</b>		<b>2.50</b>		

## **Tactical Resources Corp.**

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

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### **5. SHARE CAPITAL (CONTINUED)**

#### **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.

- **Stock Options**

During the three months ended October 31, 2023, no options were granted, exercised or cancelled.

During the three months ended October 31, 2022, the Company granted a total of 100,000 stock options to certain 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.

During the three months ended October 31, 2023, no share-based payments expense arising from stock options were recognized (October 31, 2022 – \$19,850).

As of October 31, 2023 and July 31, 2023, no stock options were issued and outstanding.

- **RSUs**

No RSUs were granted, exercised or cancelled during the three months ended October 31, 2023 and 2022.

As of October 31, 2023 and July 31, 2023, 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.

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

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### 5. SHARE CAPITAL (CONTINUED)

#### Escrow Agreement (continued)

- 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 5) 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.

### 6. 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
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

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## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

### 6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### Related party transactions (continued)

The following table discloses the total compensation incurred to the Company's key management personnel during the three months ended October 31, 2023 and 2022:

	For the three months ended	
	October 31, 2023	October 31, 2022
	\$	\$
<b>Ranjeet Sundher, CEO and Director</b>		
Consulting fees <sup>(1)</sup>	30,000	30,000
	<b>30,000</b>	<b>30,000</b>
<b>Alnesh Mohan, CFO</b>		
Professional fees <sup>(2)</sup>	21,840	26,520
	<b>21,840</b>	<b>26,520</b>
<b>Kuljit (Jeet) Basi, Director</b>		
Consulting fees <sup>(3)</sup>	30,000	30,000
	<b>30,000</b>	<b>30,000</b>
<b>TOTAL</b>	<b>81,840</b>	<b>86,520</b>

(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.

#### Related party balances

The carrying value due to the Company's directors and officers included in accounts payable and accrued liabilities was \$139,704 as of October 31, 2023 (July 31, 2023 – \$127,699 of which \$98,673 was classified as non-current). These amounts are unsecured, non-interest bearing and payable on demand.

### 7. COMMITMENTS

The Company is committed to certain cash payments and share issuances under the Sierra Blanca Quarry Project described in Note 3.

### 8. SEGMENTED INFORMATION

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

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

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

### 9. 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 three months ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

### 10. FINANCIAL INSTRUMENTS

#### Fair value

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. The carrying value of the Company's non-current accounts payable approximates their fair value as it has been discounted with an interest rate comparable to current market rates.

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 October 31, 2023 and July 31, 2023, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

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

	October 31, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	932,731	-	932,731	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(692,543)	-	(692,543)	-

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

### 10. FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value (continued)

	July 31, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	1,125,043	-	1,125,043	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(122,868)	-	(122,868)	-
Non-current accounts payable	(330,640)	-	(330,640)	-

#### 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.

At October 31, 2023, the Company had cash of \$932,731 and accounts payable and accrued liabilities of \$692,543.

##### 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 October 31, 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.

## Tactical Resources Corp.

Notes to the Financial Statements

For The Three Months Ended October 31, 2023

(Expressed in Canadian Dollars)

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### 10. FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial risk management (continued)

##### Market risk (continued)

- 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\$.

The Company's financial instruments were denominated as follows as at October 31, 2023:

	CA\$	US\$
Cash	932,731	-
Accounts payable and accrued liabilities	(640,052)	(37,895)
	<b>292,679</b>	<b>(37,895)</b>
Rate to convert to \$1.00 CA\$	1.00	1.39
<b>Equivalent to CA\$</b>	<b>292,679</b>	<b>(52,491)</b>

Based on the above net exposures as at October 31, 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 \$5,000.

- 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.