



FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2024

(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)	2024	2024
		\$	\$
ASSETS			
Current assets			
Cash		60,882	45,115
GST receivable		29,848	60,315
Prepaid expenses and other receivables		44,647	51,618
		135,377	157,048
Non-current assets			
Equipment		-	487
Deferred acquisition costs	3	210,000	210,000
		210,000	210,487
TOTAL ASSETS		345,377	367,535
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	1, 4, 7	4,788,812	2,058,257
		4,788,812	2,058,257
Non-current liabilities			
Non-current accounts payable	4, 7	-	395,416
Convertible notes	5	180,805	172,394
		180,805	567,810
TOTAL LIABILITIES		4,969,617	2,626,067
EQUITY (DEFICIENCY)			
Share capital	6	7,410,662	7,410,662
Obligation to issue shares	6	2,450,224	-
Equity portion of convertible notes	5	14,729	14,729
Reserves	6	1,777,728	1,636,377
Deficit		(16,277,583)	(11,320,300)
TOTAL EQUITY (DEFICIENCY)		(4,624,240)	(2,258,532)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		345,377	367,535
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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, 2024	October 31, 2023
		\$	\$
Expenses			
Accretion of interest	4, 5	23,865	12,982
Consulting fees	7	61,760	95,976
Corporate communications		11,051	3,550
Depreciation		487	663
Foreign exchange loss		477	3,215
General and administrative expenses		23,375	9,218
Professional fees	7	58,032	187,662
Property investigation costs	3	36,368	121,672
Share-based payments	6	2,591,575	-
Transfer agent and regulatory		2,888	26,095
Total expenses		(2,809,878)	(461,033)
Other expenses			
Transaction costs	1, 7	(2,147,405)	-
Total other expenses		(2,147,405)	-
Net loss and comprehensive loss		(4,957,283)	(461,033)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.14)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		35,674,480	35,674,480

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

Tactical Resources Corp.

Condensed Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

	Note	Share capital		Obligation to issue shares	Equity portion of convertible notes	Reserves	Deficit	TOTAL
		#	\$	\$	\$	\$	\$	\$
Balance as of July 31, 2024		35,674,480	7,410,662	-	14,729	1,636,377	(11,320,300)	(2,258,532)
Share-based payments	6	-	-	2,450,224	-	141,351	-	2,591,575
Net loss and comprehensive loss		-	-	-	-	-	(4,957,283)	(4,957,283)
Balance as of October 31, 2024		35,674,480	7,410,662	2,450,224	14,729	1,777,728	(16,277,583)	(4,624,240)

Balance as of July 31, 2023		35,674,480	7,410,662	-	-	1,352,782	(7,733,249)	1,030,195
Net loss and comprehensive loss		-	-	-	-	-	(461,033)	(461,033)
Balance as of October 31, 2023		35,674,480	7,410,662	-	-	1,352,782	(8,194,282)	569,162

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, 2024	October 31, 2023
		\$	\$
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss		(4,957,283)	(461,033)
Adjustments for items not affecting cash:			
Accretion of interest	4	15,454	12,982
Accretion of interest of convertible notes	5	8,411	-
Depreciation		487	663
Share-based payments	6	2,591,575	-
Net changes in non-cash working capital items:			
GST receivable		30,467	46,596
Prepaid expenses and other receivables		6,971	(17,573)
Accounts payable and accrued liabilities		2,319,685	226,053
Cash flow provided by (used in) operating activities		15,767	(192,312)
Increase (decrease) in cash			
		15,767	(192,312)
Cash, beginning of period		45,115	1,125,043
Cash, end of period		60,882	932,731
Supplemental cash flow information			
Reclassification of accounts payable to non-current accounts payable	4	411,181	345,611
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, 2024
(Expressed in Canadian Dollars)

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.

The Company’s shares are listed on TSX Venture Exchange under the symbol “RARE.V”.

Going concern

As of October 31, 2024, the Company has not generated revenue from operations, has an accumulated deficit of \$16,277,583 (July 31, 2024 – \$11,320,300) and a working capital deficiency of \$4,653,435 (July 31, 2024 – \$1,901,209), 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. 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 Company plans on raising financing through the issuance of shares or debt instruments to fund its operations. 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.

Proposed transaction

On August 22, 2024, the Company entered into a definitive business combination agreement (the “Business Combination Agreement”) with Plum Acquisition Corp. III (NASDAQ: PLMJ) (“Plum”), a NASDAQ-listed special purpose acquisition company.

Pursuant to the terms of the Business Combination Agreement:

- (i) Plum will re-domicile in the Province of British Columbia and amalgamate with a newly formed company incorporated under the laws of the Province of British Columbia (“Pubco”), and
- (ii) immediately thereafter, a newly formed, wholly owned subsidiary of Plum incorporated under the laws of the Province of British Columbia will amalgamate with Tactical, such that, following the closing of the transactions contemplated by the Business Combination Agreement (the “Closing”), Tactical will continue as a wholly owned subsidiary of Pubco, which will be renamed “Tactical Resources Corp.” or such other name as may be agreed to between the parties.

In the Proposed Business Combination, shares of the Company (the “Company Shares”) will be exchanged for newly issued shares of Pubco (“Pubco Shares”) pursuant to an exchange ratio to be determined at the Closing.

The exchange ratio is to be based on a pre-transaction equity value of Tactical Resources of US\$500 million. Specifically, the exchange ratio will be calculated by dividing:

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS (CONTINUED)

Proposed transaction (continued)

a) the quotient obtained by dividing:

- (i) the sum of US\$500 million, the amount of any new equity financings and the aggregate exercise price of any in-the-money equity awards, by
- (ii) the number of issued and outstanding Company Shares on a fully diluted basis, and

b) US\$10 per share.

On December 11, 2024, the Company amended its business combination agreement with Plum Acquisition Corp. III, extending the transaction deadline to July 30, 2025, and removing the \$5,000,001 net tangible asset requirement, subject to shareholder approval. Plum's securities will move to OTC Markets after Nasdaq delisting on January 27, 2025. Regulatory filings with the SEC and CSA are in progress.

As of October 31, 2024, the Company has incurred \$3,776,036 (July 31, 2024 – \$1,628,631) in costs that were expensed which related to the proposed transaction, and \$3,828,045 remained unpaid and is included in accounts payable and accrued liabilities (July 31, 2024 – \$1,621,927).

2. MATERIAL ACCOUNTING POLICY INFORMATION 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 IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

These unaudited condensed interim financial statements of the Company were authorized for issuance by the Board of Directors of the Company on December 30, 2024.

Basis of preparation

This interim financial report does 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, 2024.

New accounting standards and pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods beginning on or after August 1, 2024. 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, 2024 will have a significant impact on the Company's results of operations or financial position.

- **Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

New accounting standards and pronouncements (continued)

- **Definition of Accounting Estimates (Amendment to IAS 8)**

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

There was no material impact upon adoption of the above accounting standards.

- **Classification of Liabilities as Current or Non-Current**

The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

- **IFRS 18 Presentation and Disclosure in the Financial Statements**

In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in the Financial Statements replaces IAS 1 Presentation of Financial Statements. The standards will become effective January 1, 2027, with early adoption permitted.

The Company is in the process of assessing the impact of these new standards on the Company's financial statements.

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, 2024, and July 31, 2024, the Company has not completed the acquisition of crushed ore or tailings materials and accordingly the costs incurred are recorded as deferred acquisition costs.

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

3. DEFERRED ACQUISITION COSTS (CONTINUED)

Sierra Blanca Quarry Project (continued)

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;
- \$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 7 – 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.

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

3. DEFERRED ACQUISITION COSTS (CONTINUED)

Sierra Blanca Quarry Project (continued)

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 three months ended October 31, 2024 and the year ended July 31, 2024, 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, 2024, the Company expensed \$36,368 in property investigation costs related to the Sierra Blanca Quarry Project (October 31, 2023 – \$121,672). 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, 2024, and 2023:

	For the three months ended	
	October 31, 2024	October 31, 2023
	\$	\$
Geological	2,583	-
Project management	20,697	21,252
Technical studies	13,088	100,420
	36,368	121,672

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balance of accounts payable and accrued liabilities as of October 31, 2024 (\$4,788,812) includes \$411,181 which the service providers agreed to extend the due date to September 30, 2025.

On July 1, 2023, the Company entered into agreements with various service providers to extend the due date of an outstanding payable amounting to \$390,503 to September 1, 2024. Subsequently, on July 22, 2024, the due date was further extended to September 30, 2025.

Additionally, on July 22, 2024, the Company entered into agreements with various service providers to extend the due date of another outstanding payable amounting to \$79,750 to September 30, 2025.

As a result of these extensions, the Company calculated the fair value of the accounts payable at the date of extension using a risk-adjusted discount rate of 16.5%. The extension of the accounts payable has been considered an extinguishment of debt pursuant to IFRS 9 Financial Instruments. Consequently, a gain on extinguishment of \$71,699 and \$63,869 has been recognized in the statements of loss and comprehensive loss for the years ended July 31, 2024, and 2023, respectively, and a decrease in the carrying value of the accounts payable. The discount is being amortized over the extended period of the accounts payable.

	\$
Balance as of July 31, 2024	395,416
Interest	15,454
Effect of movements on exchange rates	311
Balance as of October 31, 2024	411,181

During the three months ended October 31, 2024, accretion expense of \$15,454 was recorded as finance costs with a corresponding increase in the carrying value of the accounts payable (October 31, 2023 – \$12,982).

5. CONVERTIBLE NOTES

	\$
Balance as of July 31, 2024	172,394
Interest	8,411
Balance as of October 31, 2024	180,805

On May 17, 2024, the Company completed a non-brokered private placement of a 2-year, 10% unsecured convertible notes in the principal amount of \$200,000 with an arm's length lender. Any accrued and unpaid interest may, at the Company's sole discretion, be paid in cash or in units at a conversion price equal to the last closing market price of the Company's common shares on the TSXV immediately prior to the conversion date, subject to TSXV policies. The convertible notes have a maturity date of May 17, 2026 (the "Maturity Date").

The convertible notes may be converted into units of the Company ("Units") at any time from the date of issuance until the Maturity Date, with a conversion price of \$0.10 per Unit. Each Unit consists of one common share of the Company and one share purchase warrant. Warrants are exercisable into additional common shares of the Company at an exercise price of \$0.15 for a period of 3 years.

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

5. CONVERTIBLE NOTES (CONTINUED)

The convertible notes and warrants issued upon conversion are subject to the following blocker provisions:

- **10% blocker:** Prevents conversion if it would result in the securityholder holding 10% or more of the issued and outstanding shares.
- **20% blocker:** Restricts exercise of warrants if it exceeds 20% ownership.

Using a risk-adjusted discount rate of 16.5%, the Company calculated and recorded the equity portion of the notes to be \$21,695 before the allocation of issuance costs.

In connection with the issuance of the convertible notes, the Company incurred issuance costs of \$13,996. These costs are recorded as a reduction of the carrying value of the liability (\$12,478) and equity (\$1,518) portions of the convertible notes. Additionally, the Company recognized a deferred income tax recovery impact of \$5,448 on the equity portion of the convertible notes.

During the three months ended October 31, 2024, accretion expense of \$8,411 was recorded as accretion of interest, with a corresponding increase in the carrying value of the liability (October 31, 2023 – \$nil).

As of October 31, 2024, the carrying value of the convertible notes is \$180,805 (July 31, 2024 – \$172,394).

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At October 31, 2024, the Company had 35,674,480 (July 31, 2024 – 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, 2024, and 2023, no share capital transactions occurred.

Obligation to issue shares

Subsequent to October 31, 2024, the Company entered into agreements with its directors, officers, and consultants to grant 5,326,580 common shares of the Company as bonus shares (the “Bonus Shares”), of which 2,071,915 are to be issued to the Company’s directors and officers (Note 7), with a fair value of \$0.46 per share for filing the initial filing statement of the proposed transaction (Note 1) on October 29, 2024. The Bonus Shares will be issued upon the closing of the proposed transaction. The fair value of the Bonus Shares, amounting to \$2,450,224, was recognized as share-based payments in the statements of loss and comprehensive loss for the three months ended October 31, 2024.

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

Warrants

During the three months ended October 31, 2024, and 2023, no warrants were issued, exercised or cancelled.

The following summarizes information about warrants outstanding as of October 31, 2024:

<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>
May 13, 2026	2.50	2,856,500	223,498	1.53

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, 2024, and 2023, no options were granted, exercised or cancelled.

The following summarizes information about stock options outstanding and exercisable as of October 31, 2024:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>Options outstanding</u>	<u>Options exercisable</u>	<u>Estimated grant date fair value (\$)</u>	<u>Weighted average remaining contractual life (in years)</u>
March 20, 2026	0.10	2,395,000	2,395,000	164,721	1.38

- **RSUs**

No RSUs were granted, exercised or cancelled during the three months ended October 31, 2024, and 2023.

During the three months ended October 31, 2024, the Company recognized share-based payments expense arising from RSUs of \$141,351 (October 31, 2023 – \$nil).

As of October 31, 2024, 3,540,000 RSUs were issued and outstanding (July 31, 2024 – 3,540,000). No RSUs were vested as of October 31, 2024 (July 31, 2024 – nil).

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
For The Three Months Ended October 31, 2024
(Expressed in Canadian Dollars)

6. SHARE CAPITAL (CONTINUED)

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.

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7. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers as follows:

<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

The following table discloses the total compensation incurred to the Company's key management personnel during the three months ended October 31, 2024, and 2023:

	<u>For the three months ended</u>	
	<u>October 31, 2024</u>	<u>October 31, 2023</u>
	<u>\$</u>	<u>\$</u>
Ranjeet Sundher, CEO and Director		
Consulting fees ⁽¹⁾	30,000	30,000
Share-based payments	348,550	-
	378,550	30,000
Alnesh Mohan, CFO		
Professional fees ⁽²⁾	30,680	21,840
Transaction costs ⁽²⁾	71,240	-
Share-based payments	174,223	-
	276,143	21,840
Kuljit (Jeet) Basi, Director		
Consulting fees ⁽³⁾	30,000	30,000
Share-based payments	441,712	-
	471,712	30,000
Matt Chatterton, Director		
Share-based payments	1,669	-
	1,669	-
Mark Mukhija, Director		
Share-based payments	1,039	-
TOTAL	1,129,113	81,840

Tactical Resources Corp.

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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, accounting support services and transaction support services.
- (3) Paid to SVK Metrix Inc.

As discussed in Note 6, the Company will issue 2,071,915 Bonus Shares to the Company's directors and officers with a fair value of \$953,080. This amount was recognized as share-based payments in the statements of loss and comprehensive loss for the three months ended October 31, 2024.

Related party payables

The carrying value due to the Company's directors and officers included in accounts payable and accrued liabilities was \$356,845 as of October 31, 2024 (July 31, 2024 – \$209,150 of which \$164,290 was classified as non-current). 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 Sierra Blanca Quarry Project described in Note 3.

9. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of mineral resource properties. The Company's non-current assets are located as follows:

	October 31, 2024	Canada	United States
	\$	\$	\$
Non-current assets			
Deferred acquisition costs	210,000	-	210,000
	July 31, 2024	-	-
	\$	\$	\$
Non-current assets			
Equipment	487	487	-
Deferred acquisition costs	210,000	-	210,000

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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 three months ended October 31, 2024. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, accounts payable, and accrued liabilities approximate their fair values due to the relatively short period to maturity of these financial instruments. The carrying value of the Company's non-current accounts payable and convertible notes approximates their fair value, as they have been discounted using 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, 2024 and July 31, 2024, 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, 2024	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash	60,882	60,882	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(4,788,812)	-	(4,788,812)	-
Convertible notes	(180,805)	-	(180,805)	-

Tactical Resources Corp.

Notes to the Financial Statements (unaudited)
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11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

	July 31, 2024	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
FINANCIAL ASSETS				
ASSETS				
Cash	45,115	45,115	-	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(2,058,257)	-	(2,058,257)	-
Non-current accounts payable	(395,416)	-	(395,416)	-
Convertible notes	(172,394)	-	(172,394)	-

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 requires additional financing to fund operation and pay for its current obligations.

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

As of October 31, 2024, the Company had cash of \$60,882 and accounts payable and accrued liabilities of \$4,788,812.

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, 2024, 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.

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11. 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 of October 31, 2024:

	CA\$	US\$
Cash	60,882	-
Accounts payable and accrued liabilities	(1,264,695)	(2,532,076)
Convertible notes	(180,805)	-
	(1,384,618)	(2,532,076)
Rate to convert to \$1.00 CA\$	1.00	1.39
Equivalent to CA\$	(1,384,618)	(3,524,118)

Based on the above net exposures as of October 31, 2024, and assuming that all other variables remain constant, a 10% change of the CA\$ against the US would change profit or loss by approximately \$350,000.

- 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.