

**Record Resources Inc.**  
**(formerly Silk Road Energy Inc.)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months ended June 30, 2024 and 2023**  
*(Expressed in Canadian Dollars)*

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsequent 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 interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

**Record Resources Inc.**  
**(formerly Silk Road Energy Inc.)**  
**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Canadian Dollars)*

<b>ASSETS</b>	<b>June 30, 2024</b>	<b>September 30, 2023</b>
<b>Current assets</b>		
Cash	\$ 2,706	\$ 3,501
	<b>2,706</b>	<b>3,501</b>
Mineral properties and exploration and evaluation expenditures (Note 10)	1	1
<b>Total assets</b>	<b>\$ 2,707</b>	<b>\$ 3,502</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 122,850	\$ 142,863
Due to related parties (Note 8)	27,615	17,163
Loan payable (Note 11)	20,677	-
Short term payable (Note 8)	125,000	125,000
<b>Total current liabilities</b>	<b>296,142</b>	<b>285,026</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 6)	3,419,283	2,180,135
Subscription received	-	3,000
Contributed surplus	196,284	185,777
Deficit	(3,909,002)	(2,650,436)
<b>Total shareholders' equity (deficiency)</b>	<b>(293,435)</b>	<b>(281,524)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,707</b>	<b>\$ 3,502</b>

Going concern (Note 1)  
Subsequent event (Note 12)

On Behalf of the Board of Directors

*"Signed Michael Judson"*  
\_\_\_\_\_  
Director

*"Signed David Johnson"*  
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Director

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

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**Record Resources Inc.****(formerly Silk Road Energy Inc.)****UNAUDITED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS***(Expressed in Canadian Dollars)*

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	For three months ended June 30, 2024	For three months ended June 30, 2023	For nine months ended June 30, 2024	For nine months ended June 30, 2023
<b>Expenses</b>				
General and administrative	\$ 22,248	\$ 15,187	\$ 55,902	\$ 74,369
<b>Loss before other items</b>	<b>(22,248)</b>	<b>(15,187)</b>	<b>(55,902)</b>	<b>(74,369)</b>
<b>Other items</b>				
Interest expense on loans	(606)	-	(979)	-
Impairment on mineral properties	-	-	(1,201,685)	-
<b>Loss and comprehensive loss</b>	<b>\$ (22,854)</b>	<b>\$ (15,187)</b>	<b>\$ (1,258,566)</b>	<b>\$ (74,369)</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.0003)	\$ (0.0005)	\$ (0.025)	\$ (0.002)
Weighted average number of common shares outstanding –				
Basic and diluted	75,425,382	32,303,552	50,814,689	30,746,925

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**Record Resources Inc.**  
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**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(Expressed in Canadian Dollars)*

	Number of Shares	Share Capital (\$)	Subscription Received (\$)	Contributed Surplus (\$)	Deficit (\$)	Total (\$)
<b>Balance at September 30, 2022</b>	<b>29,076,104</b>	<b>1,903,492</b>	-	<b>177,341</b>	<b>(1,876,912)</b>	<b>203,921</b>
Issuance of common shares to acquire mineral properties	1,000,000	60,000	-	-	-	60,000
Issuance of common shares per property option agreements	1,900,000	57,000	-	-	-	57,000
Issuance of common shares for cash, net of issuance cost	995,580	43,101	-	7,978	-	51,079
Net loss for the period	-	-	-	-	(74,369)	(74,369)
<b>Balance at June 30, 2023</b>	<b>32,971,684</b>	<b>2,063,593</b>	-	<b>185,319</b>	<b>(1,951,281)</b>	<b>297,631</b>
Issuance of common shares to acquire mineral properties	1,000,000	117,000	-	-	-	117,000
Issuance of common shares for cash, net of issuance cost	-	(458)	-	458	-	-
Common shares to be issued	-	-	3,000	-	-	3,000
Net loss for the period	-	-	-	-	(699,155)	(699,155)
<b>Balance at September 30, 2023</b>	<b>33,971,684</b>	<b>2,180,135</b>	<b>3,000</b>	<b>185,777</b>	<b>(2,650,436)</b>	<b>(281,524)</b>
Issuance of common shares to acquire mineral properties	39,999,984	1,200,000	-	-	-	1,200,000
Issuance of common shares for cash, net of issuance cost	1,453,714	39,148	(3,000)	10,507	-	46,655
Net loss for the period	-	-	-	-	(1,258,566)	(1,258,566)
<b>Balance at June 30, 2024</b>	<b>75,425,382</b>	<b>3,419,283</b>	-	<b>196,284</b>	<b>(3,909,002)</b>	<b>(293,435)</b>

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

**Record Resources Inc.**  
**(formerly Silk Road Energy Inc.)**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
*(Expressed in Canadian Dollars)*  
**For the nine months ended June 30,**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (1,258,566)	\$ (74,369)
Impairment on mineral properties	1,201,685	-
Change in working capital accounts:		
Prepaid expense	-	1,500
Accounts payable and accrued liabilities	(20,013)	920
<b>Cash used in operating activities</b>	<b>(76,894)</b>	<b>(71,949)</b>
<b>INVESTING ACTIVITIES</b>		
Addition to mineral properties	(1,685)	(22,722)
<b>Cash used in investing activities</b>	<b>(1,685)</b>	<b>(22,722)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares, net of issuance costs	46,655	51,079
Loan payable	20,677	-
Due to related party	10,452	5,067
<b>Cash provided by financing activities</b>	<b>77,784</b>	<b>56,146</b>
<b>Increase (decrease) in cash</b>	<b>(795)</b>	<b>(38,525)</b>
<b>Cash, beginning of period</b>	<b>3,501</b>	<b>39,436</b>
<b>Cash, end of period</b>	<b>\$ 2,706</b>	<b>\$ 911</b>
<b>Supplementary Information</b>		
Shares issued to acquire mineral properties	\$ 1,200,000	\$ 60,000
Shares issued per property option agreements	\$ -	\$ 57,000

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

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# Record Resources Inc.

## (formerly Silk Road Energy Inc.)

### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 1. Nature of Operations and Going Concern

Record Resources Inc. (formerly Silk Road Energy Inc.) (the "Company") was incorporated under the laws of the Province of Alberta on November 9, 2010. The Company's principal business activity was the exploration, development and production of petroleum and natural gas assets in Alberta. Since 2021, the Company is in the process of expanding into the business of exploration and development of mineral resource properties. The address of the registered head office is Suite 1900, 520 3<sup>rd</sup> Avenue SW, Calgary, AB T2P 0R3. The Company has changed its name to Record Resources Inc. since April 4, 2023 and its trading symbol has been changed to "REC" under the TSXV.

##### a) Going concern

During the period ended June 30, 2024, the Company incurred net loss of \$1,258,566 (2023 – \$74,369), had an accumulated deficit of \$3,909,002 (September 30, 2023 - \$2,650,436) and no current sources of cash inflows. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Management has been and continues to be active in seeking alternative sources of funding to finance the expanded business of exploration and development of mineral resource properties. The Company is also looking for potential asset acquisitions that will generate future positive cash flows.

The Company's ability to continue as a going concern is dependent upon its ability to complete asset acquisitions, attain profitable operations, generate sufficient funds to commence its future operations to repay its debts as they come due, and continue to obtain sufficient capital from investors or other sources of financing to meet its current and future obligations. However, there is no assurance that these initiatives will close as anticipated, and the Company may require additional sources of financing.

These unaudited condensed interim financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these unaudited condensed interim financial statements.

#### 2. Basis of Preparation

##### a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the IFRS Interpretations Committee ("IFRIC"), in accordance with IAS 34 Interim Financial Reporting and in effect at October 1, 2023.

The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 21, 2024.

##### b) Basis of measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for cash transactions which are measured at fair value.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 2. Basis of Preparation *(continued)*

c) **Functional and presentation currency**

The unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) **Use of estimates and judgments**

The preparation of the Company's unaudited condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the unaudited condensed interim financial statements and reported amounts of revenues and expenses during the reporting year. By their nature, these estimates are subject to measurement uncertainty and effect on unaudited condensed interim financial statements or changes in such estimates in future years could be material. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to estimates are recognized in the year in which the estimate is revised.

In the process of applying the Company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements.

#### ***Impairment assessment of exploration and evaluation assets***

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mining properties and exploration and evaluation assets are impaired.

External sources of information management consider include changes in the market, economic and legal environments, in which the Company operates, that are not within its control and that affect the recoverable amount of its mining properties.

Internal sources of information that management considers include (i) the manner in which mining properties are being used, or are expected to be used and the period for which the Company has the right to explore in the specific area; (ii) indications of economic performance of the assets; (iii) whether substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; and (iv) whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

As at June 30, 2024, the Company has assessed that there are impairment indicators with respect to its exploration and evaluation assets.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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## 2. Basis of Preparation *(continued)*

### d) Use of estimates and judgments *(continued)*

#### *Share based payments*

The fair value of stock options granted is recognized using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date, the exercise price of the options, the expected volatility of the Company's shares, expected life of the options, expected dividends, and the risk-free rate of return. The Company estimates volatility based on the Company's historical volatility. The expected life of the options is based on historical experience and estimates of the holder's behaviour. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited, and the rate is adjusted to reflect the number of options that actually vest.

#### *Deferred taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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### 3. Significant Accounting Policies

#### a) Financial instruments

i) The classification of financial assets is based on the Company's assessment of its business model for holding financial assets and the contractual terms of the cash flows. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income ("FVOCI"): assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss ("FVTPL"): assets that do not meet the criteria for amortized cost or FVOCI.

Financial assets measured at amortized cost are measured at cost using the effective interest method. The amortized cost is reduced by impairment losses at an amount equal to the lifetime expected credit losses that result from all possible default events over the expected life of the financial instrument. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the statements of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the provision for expected credit losses.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Cash has been classified as FVTPL.

ii) Financial liabilities - The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in statement of loss and comprehensive loss.
- Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the statement of loss and comprehensive loss.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Accounts payable and accrued liabilities, loans payable and due to related party have been classified as amortized cost.

#### b) Mineral properties

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditures, in excess of estimated recoveries, are written off to income or loss.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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### 3. Significant Accounting Policies *(continued)*

#### b) Mineral properties *(continued)*

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

When the Company’s exploration and development activities are conducted jointly with others, the unaudited condensed interim financial statements include only the Company’s proportionate interests in these arrangements.

#### c) Taxation

Tax expense is comprised of current and deferred tax expenses. Tax expense is recognized in net loss except to the extent that the tax expense related to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized using the liability method. Under this method, deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

#### d) Per share amounts

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that proceeds received from the exercise of “in-the-money” stock options and warrants would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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### 3. Significant Accounting Policies *(continued)*

#### e) Contingencies

When a contingency is substantiated by confirming events, can be reliably measured and will likely result in an economic outflow, a liability is recognized in the unaudited condensed interim financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the unaudited condensed interim financial statements.

#### f) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in net loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

#### g) Equity instruments

Common shares and preferred shares are presented in share capital within shareholders' equity. Incremental costs directly attributable to the issue of common shares and preferred shares are recognized as a deduction from share capital.

The company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market of shares issued, no value is assigned to the warrants. Any value attributed to the warrants is recorded as reserves. Warrants that are issued as payment to a finder or other transaction costs are accounted for as share-based payments. The Company does not measure the impact of modification to the terms of warrants previously issued.

### 4. Accounting Pronouncements

#### a) Future accounting pronouncements issued but not yet applied

The International Accounting Standards Board (IASB) has issued a number of new standards to come into effect in future periods. The Company has determined that there is no update that is materially applicable or is consequential to the Company's unaudited condensed interim financial statements for its period ended June 30, 2024.

### 5. Petroleum and Natural Gas Interests

The Company disposed of its Petroleum and Natural Gas interests with a carrying value of \$1 during 2022 and recorded a gain of \$9.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 6. Share Capital

a) Authorized

Unlimited number of common shares without par value

Unlimited number of Class A preferred shares without par value

b) Issued – Common shares

	<i>Number of shares</i>	<i>Amount</i>
<b>Balance, September 30, 2022</b>	<b>29,076,104</b>	<b>\$ 1,903,492</b>
Issuance of common shares to acquire mineral properties	3,900,000	234,000
Issuance of common shares for cash	995,580	42,643
<b>Balance, September 30, 2023</b>	<b>33,971,684</b>	<b>2,180,135</b>
Issuance of common shares to acquire mineral properties	39,999,984	1,200,000
Issuance of common shares for cash	1,453,714	46,655
<b>Balance, June 30, 2024</b>	<b>75,425,382</b>	<b>3,419,283</b>
c) Issued – Preferred shares		
<b>Balance, September 30, 2023 and June 30, 2024</b>	<b>-</b>	<b>\$ -</b>

During the period ended June 30, 2024, the Company issued 1,453,714 units at \$0.035 per unit for total proceeds of \$46,655. Each unit consists of 1 common share and 1 warrant to purchase an additional common share at an exercise price of \$0.06 per share, expiring 24 months from the date of closing. The Company has allocated \$9,554 from these units to warrants issued as contributed surplus. Finders fee of \$1,225 was paid on these financings. Broker warrants of 35,000 were also issued as finders' fee at an exercise price of \$0.14 over two years. Value of \$953 was assigned to these broker warrants.

During the year ended September 30, 2023, the Company issued 200,000 units at \$0.06 per unit for total proceeds of \$12,000. Each unit consists of 1 common share and 1 warrant to purchase an additional common share at an exercise price of \$0.12 per share, expiring 12 months from the date of closing. The Company has allocated \$4,000 from these units to warrants issued as contributed surplus.

During the year ended September 30, 2023, the Company issued 795,580 units at \$0.05 per unit for total proceeds of \$39,779. Each unit consists of 1 common share and ½ warrant to purchase an additional common share at an exercise price of \$0.10 per share, expiring 24 months from the date of closing. The Company has allocated \$3,978 from these units to warrants issued as contributed surplus. Finders' fee of \$700 was also paid from this financing. Broker warrants of 14,000 were also issued as finders' fee at an exercise price of \$0.10 over two years. Value of \$458 was assigned to these broker warrants.

During the year ended September 30, 2023, the Company issued 3,900,000 shares at total fair value of \$234,000 to acquire various mineral properties.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 6. Share Capital (continued)

d) Warrants

	<i>Number of warrants</i>	<i>Weighted average exercise price (\$)</i>	<i>Weighted average expiry date (years)</i>
<b>Balance, September 30, 2022</b>	<b>1,483,333</b>	<b>0.12</b>	<b>0.93</b>
Warrants expired	(1,483,333)	(0.12)	(0.93)
Warrants issued pursuant to private placement	597,790	0.11	0.97
Broker warrants issued	14,000	0.11	0.97
<b>Balance, September 30, 2023</b>	<b>611,790</b>	<b>0.11</b>	<b>0.97</b>
Warrants expired	(200,000)	(0.12)	(0.97)
Warrants issued pursuant to private placement	1,453,714	0.06	1.60
Broker warrants issued	35,000	0.14	1.67
<b>Balance, June 30, 2024</b>	<b>1,900,504</b>	<b>0.07</b>	<b>1.39</b>

e) Share-based Compensation

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

There were no stock options issued and outstanding as at June 30, 2024 and September 30, 2023.

#### 7. Financial Instruments and Risk Management

The Company's financial instruments are comprised of cash, accounts payable and accrued liabilities, due to related party, loan payable and short term payable. Fair values of financial instruments and discussion of risks associated with financial instruments are presented as follows:

##### ***Fair value of financial instruments***

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology included quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – inputs to the valuation methodology are not based on observable market data.

Level 1 assumptions are used to value cash. The carrying value for cash, accounts payable and accrued liabilities and due to related party approximate their fair value due to the short-term nature of these financial instruments. Short-term payable has an original term of 18 months and is approximately 1 year remained from maturity date as of June 30, 2024. Therefore, its carrying value is not significantly different than is fair value as at June 30, 2024.

The Company manages risk through establishing policies that provide management oversight related to the risks of operations, including ensuring that risks are identified and assessed, and appropriate policies are in place and effective.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 7. Financial Instruments and Risk Management (continued)

Financial instruments present a number of specific risks. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, market risk is segregated into three categories: interest rate risk, commodity price risk and foreign currency risk. Other risks associated with financial instruments include credit risk and liquidity risk.

##### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no financial instruments that create interest rate risk exposure.

##### **Commodity risk**

The nature of the Company's operations results in exposure to commodity price fluctuations. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company does not hedge commodity price risk and has no physical forward price or financial derivative sales contracts as at or during the period ended June 30, 2024.

##### **Foreign Currency risk**

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company does not subject to significant foreign currency risk.

##### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Substantially all of the Company's accounts receivable includes goods and services tax receivable and are subject to normal credit risk. The maximum exposure to credit risk is calculated as the total value of accounts receivable as at June 30, 2024. Significant changes in industry conditions and risks that negatively impact customers' ability to generate cash flow will increase the risk of not collecting receivables. Management believes the risk is mitigated by the accounts receivable due from the government for goods and services tax receivable.

Accounts receivable consist mainly of GST receivable from the Government of Canada. The Company has recorded a provision of \$11,439 for the GST receivable as of September 30, 2022 to reflect the risk of uncollection. There was no GST receivable recognized as at June 30, 2024 and September 30, 2023.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company manages its cash inflows from operations and capital expenditures to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic environment.

The Company's financial liabilities consist of accounts payable and accrued liabilities, due to related party, loan payable and short term payable. Accounts payable consist of invoices payable to trade suppliers for general, administrative, and capital expenditures and are usually payable in 30 to 90 days.

#### 8. Related party transactions

During the period ended June 30, 2024, management compensation of \$Nil (2023 - \$15,500) to the CEO of the Company. All these transactions were entered into in the normal course of operations. Key management include all officers and directors of the Company.

		<u>2024</u>		<u>2023</u>
Key management compensation	\$	Nil	\$	15,500

As at June 30, 2024, there was \$Nil ( September 30, 2023 - \$Nil) included as accounts payable and accruals to prior management. However, \$125,000 ( September 30, 2023 - \$125,000) was included as short term payable and long term payable to prior management respectively. On June 6, 2022, two former directors of the Company agreed to

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 8. Related party transactions (continued)

settle the accounts payable and accruals owing to them with the old liability balance of \$500,355 being extinguished and replaced with a new liability of \$125,000. As a result of the settlement, the Company recorded a debt settlement gain of \$375,355 in the year ended September 30, 2022. The \$125,000 is interest free and repayable in 18 months from June 6, 2022, the settlement date.

As at June 30, 2024, there was \$19,802 ( September 30, 2023 - \$9,564) included as due to related parties to current management.

The Company also received advance from a company related by common directors in the amount of \$215 during the period ended June 30, 2024 (September 30, 2023 – repaid advances of \$420). A loan in the amount of \$64,578 owing to this related party was waived by this company on June 20, 2022 as part of the acquisition of the Kirkland property claims. As of June 30, 2024, the total amount outstanding owing to this company was \$7,813 included in the account of due to related parties (September 30, 2023 - \$7,598). This is a non-interest bearing, non-secured loan with no fixed terms of repayment.

#### 9. Capital Management

The Company's policy is to maintain a strong and stable capital base for the objectives of maintaining financial flexibility, to sustain the development of the Company's current capital projects and for future development of the Company. The Company manages its capital structures and makes adjustments to it in light of changes in economic condition and risk characteristics of the underlying assets. The Company monitors its working capital and expected capital spending and issues share capital to manage its development plans. The Company is not subject to any externally imposed capital requirements.

The Company considers its capital structure to include shareholders' equity.

#### 10. Mineral Properties and exploration and evaluation expenditures

The evaluation and exploration expenses for the Company are segregated as follows:

	June 30 2024	September 30 2023
Opening balance	\$ 1	\$ 413,256
Addition to Kirkland properties claims	935	2,137
Waive of loan payable on acquisition of Kirkland properties	-	-
Assumption of account payable relating to Kirkland claims	-	-
Acquisition of Four Nations Property	750	65,000
Acquisition of Grenfell Gold property option	1,200,000	-
Grenfell Gold Property – preparation of NI 43-101 report	-	11,750
Grenfell Gold Property – remote sensing survey	-	2,835
Acquisition of Doran Property option	-	57,000
Acquisition of Doran South Property option	-	63,000
Acquisition of Kenogami property	-	60,000
Impairment on various mineral properties	(1,201,685)	(674,977)
Total	\$ 1	\$ 1

#### Kirkland Properties

In December 2021, the Company entered into an agreement to acquire from Record Gold Corp. ("Record Gold"), a company related by common directors, 100% ownership of two mining concessions of gold and other precious metals claims located in the Kirkland Lake region of Ontario in return for 9 million shares of the Company at a price of \$0.05 per share. On June 21, 2022, the Company completed the acquisition of these claims and issued 8,999,983 common shares to the shareholders of the seller company at a fair value of \$0.05 per shares for total value of \$449,999. In relation to the acquisition of these claims, this seller company also waived the loan owing by the Company in the amount of \$64,578 and the value of the mineral property has been reduced by this same amount. In addition, the Company also assumed accounts payable in relation to the previously exploration work done on these properties in the amount of \$27,835. During the year ended September 30, 2023, claims renewal fee of \$2,137 was incurred on this property. During the period ended June 30, 2024, further claims renewal fee of \$935 was incurred on this property. As of June 30, 2024, due to the limited availability of market capital to budget substantive

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## Record Resources Inc.

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#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 10. Mineral Properties and exploration and evaluation expenditures (continued)

##### Kirkland Properties (continued)

expenditures on the further exploration for and evaluation of the mineral property, the carrying value of this Kirkland mineral property was at \$1 after the impairment.

The property claims acquired is subject to a 2% NSR from the previous owner upon commencement of production of these claims and the Company has the right to purchase the NSR from the previous owner for \$2,000,000.

##### Four Nations Property

On August 30, 2022, the Company signed an option agreement (“Four Nations Agreement”) with two arms-length private companies to earn in a 100% interest on the Four Nations property (“Four Nations Property”) which consists of three claim blocks comprising 5.2 square kilometres in the Grenfell Township.

In order for the Company to earn the 100% interest, it shall:

- a) Make payment of CAD\$5,000 (paid) and issuance of 1,000,000 common shares of the Company upon execution of the Four Nations Agreement (issued on December 19, 2022);
- b) Make payment of CAD\$8,000 and issuance of 500,000 common shares of the Company upon the first year anniversary of the Four Nations Agreement;
- c) Make payment of CAD\$15,000 and issuance of 500,000 common shares of the Company upon the second-year anniversary of the Four Nations Agreement; and
- d) Make payment of CAD\$22,000 upon the third-year anniversary of the Four Nations Agreement.

The vendor will hold a 1.5% Net Smelter Royalty (NSR) on the Four Nations Property. One third of this NSR can be purchased by the Company for \$400,000. The transaction has been approved by the TSX Venture Exchange and the 1,000,000 shares have been issued by the Company in accordance with the Four Nations Agreement on December 19, 2022. The Company incurred an additional \$750 payment on this property during the period ended June 30, 2024. As of June 30, 2024, due to the limited availability of market capital to pay the remaining cash consideration and to budget substantive expenditures on the further exploration for and evaluation of the mineral property, the value of this Four Nations Property was at \$Nil after the impairment.

##### Kenogami East Gold Property

On January 18, 2023, the Company has signed an agreement to acquire new gold exploration properties in the Kirkland Lake Mining camp in Ontario consisting of eleven claim cells known as Kenogami East (“Kenogami East Property”). Kenogami East Property is located at the eastern margin of the company's Grenfell-Four Nations gold property. The Company shall complete the acquisition by issuing 1,000,000 of its common shares and by agreeing to make a cash payment of \$50,000. The 1,000,000 common shares have already been issued on September 1, 2023. As of June 30, 2024, due to the limited availability of market capital to pay the cash consideration and to budget substantive expenditures on the further exploration for and evaluation of the mineral property, the value of this Kenogami East Gold Property was at \$Nil after the impairment.

##### Grenfell Gold Property

On September 7, 2022, the Company entered into an option agreement with Record Gold, a related party, to acquire Record Gold's option to earn in 80% interest in Grenfell Gold property (“Grenfell Gold Property”) from another publicly listed company, Pelangio Exploration Inc. (“Pelangio”). The Property is comprised of 38 mining cells and eight leased claims covering an area of approximately 6.7 square kilometres.

As a result of acquiring this option agreement between Record Gold and Pelangio dated September 6, 2022 (“Pelangio Agreement”), the Company has the right to earn an undivided 80% interest in the Grenfell Gold Property. Based on the Pelangio Agreement signed between Record Gold and Pelangio, Record Gold can earn in 80% interest in the Grenfell Gold Property by completing a total of \$2,000,000 exploration expenditures to be incurred within five years and by making onetime cash payment to Pelangio. Record Gold shall pay to Pelangio a one-time \$60,000 payment in twenty-four (24) months from the date of the Pelangio Agreement. In addition, Record Gold shall complete exploration programs in accordance with the following schedule:

- \$250,000 must spend on the property twenty-four (24) months from the date of the signing of the Pelangio Agreement;
- \$500,000 on or before the third anniversary of the Pelangio Agreement;
- \$750,000 on or before the fourth anniversary of the Pelangio Agreement; and

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## Record Resources Inc.

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#### 10. Mineral Properties and exploration and evaluation expenditures (continued)

##### Grenfell Gold Property (continued)

- \$500,000 on or before the fifth anniversary of the Pelangio Agreement.

The Grenfell Gold Property is subject to a 2.75% Net Smelter Royalty (NSR) on leased claims and a 0.75% Net Smelter Royalty (NSR) on staked claims from prior agreements entered into by Pelangio.

In exchange for the acquisition of the Pelangio Agreement, the Company shall pay a sum of \$2,000,000 (unpaid) in cash and issue 39,999,984 common shares ("Shares") at deemed price of \$0.05 to Record Gold. This transaction has already obtained shareholders and TSXV approval. The Company has already incurred \$11,750 on this property in preparing a NI 43-101 compliant report on this property. During the period ended June 30, 2024, the Company completed the issuance of 39,999,984 shares to Record Gold at fair value of \$1,200,000. As of June 30, 2024, due to the limited availability of market capital to budget substantive expenditures on the further exploration for and evaluation of the mineral property, the Company has impaired the related NI 43-101 costs and the acquisition cost of \$1,200,000 incurred.

##### Doran Lithium Property

On December 17, 2022, the Company entered into an option agreement ("Doran Agreement") with arms-length parties to acquire a 100 percent interest in the Doran Lithium Property consisting of 9 mining claims located approximately 200 kilometres east of Red Lake in north western Ontario. The Company is acquiring the property by issuing 900,000 shares and by making cash payments over the next three years for a total of \$111,000 with scheduled payments as below:

- \$ 24,000 cash payment (\$3,000 paid) on or before February 1, 2023 (the "Initial Payment") and 900,000 shares of the Company (issued);
- an additional \$24,000 cash payment on the 1st anniversary of the Doran Agreement;
- an additional \$27,000 cash payment on the 2nd anniversary of the Doran Agreement; and
- a final \$36,000 cash payment on the on the 3rd anniversary of the Doran Agreement.

There are no work commitments on the properties. The Company will act as sole operator of the project. The vendor will hold a 1.5% Net Smelter Royalty (NSR) on the property. One third of this NSR can be purchased by the Company for \$600,000. A \$3,000 towards the cash payment was made during the year ended September 30, 2023 with remaining \$21,000 still need to be paid. The agreement has been approved by TSXV and 900,000 shares have been issued in May of 2023 pursuant to the Doran Agreement. As of June 30, 2024, due to the Company does not intent to continue the exploration, the value of this Doran Lithium Property was at \$Nil after the impairment.

##### Doran-South Lithium Property

On January 9, 2023, the Company has entered into an option agreement ("Doran-South Agreement") with arms-length parties to acquire a 100 percent interest in the Doran-South Lithium property ("Doran-South Lithium Property") located approximately 200 km east of Red Lake in north western Ontario and contiguous with Doran Lithium Property it recently optioned.

Doran-South Lithium Property consists of approximately 1,820 hectares. The Company is acquiring the Doran-South Lithium Property by issuing 1,000,000 shares, at deemed price of \$0.06 per share, and by making cash payments over the next year of \$50,000 with payment schedule as follow:

- \$ 25,000 cash payment (\$3,000 paid) on or before February 28, 2023 (the "Initial Payment") and 1,000,000 shares of the Company (issued); and
- an additional \$25,000 cash payment on the 1st anniversary of the Doran-South Agreement.

There are no work commitments on the properties. The Company will act as sole operator of the project. The vendor will hold a 1.5% Net Smelter Royalty (NSR) on the property that can be purchased by the Company for \$3,000,000. A \$3,000 towards the cash payment was made during the year ended September 30, 2023 with remaining \$22,000 still need to be paid. The agreement has been approved by TSXV and 1,000,000 shares have been issued in May of 2023 pursuant to the Doran-South Agreement. As of June 30, 2024, due to the limited availability of market capital to pay the remaining cash consideration and to budget substantive expenditures on the further exploration for and evaluation of the mineral property, the value of this Doran-South Lithium Property was at \$Nil after the impairment.

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## Record Resources Inc.

### (formerly Silk Road Energy Inc.)

#### NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended June 30, 2024

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#### 10. Mineral Properties and exploration and evaluation expenditures (continued)

##### Whitemud River Properties

The Company has entered into an option agreement with an arms-length, private, Ontario exploration company to acquire 100 percent interests in three of its lithium properties and one of the uranium properties in Western Ontario.

The Whitemud River lithium prospect consists of 111 claims and is approximately 200 kilometres east of Red Lake and approximately 125 kilometres northeast of Sioux Lookout. The Company has also optioned a uranium property in western Ontario consisting of 10 claims.

The uranium and lithium properties are part of a same agreement. The private exploration company, the Optionor, will receive 2,100,000 common shares of the Company, the Optionee, over three years (700,000 share per year) and a cash payment of \$64,000 payable over three years. \$24,000 payable in the first year and \$20,000 in year two and \$20,000 in year three (no cash payment has been made yet and no shares have been issued yet).

The vendor holds net smelter royalty agreements on each of the properties under the following terms: upon the exercise of the Option, the Optionee will grant a Royalty to the Optionor. The Optionor will retain a 1.5% Royalty. The Optionee or its assigns shall have the right at any time to purchase from Optionor zero-point five percent (0.5%) Net Smelter Returns Production Royalty by way of a payment to the Optionor of the sum of \$500,000. An additional zero-point five (0.5%) Net Smelter Returns Production Royalty can be purchased by the Optionee for \$1 million. The final zero-point percent (0.5%) Net Smelter Returns Production Royalty can be purchased by the Optionee for \$1.5 million.

##### Malborne Property

The Company has acquired an option on a large package of uranium claims northeast of Thunder Bay, Ont., Canada. The option covers a large area known as the Malborne property and is owned by privately-held exploration companies, 2758145 (Ontario) Inc and 1170331 BC Ltd. (the optionor). The land package consists of 780 claims stretching over 16,320 hectares (163 square kilometres) and is located 110 kilometres northeast of Thunder Bay, Ontario.

The Company can own 100 percent of the claims by paying \$300,000 at closing on or before May 31, 2024 and by issuing a total of 6.9 million shares in instalments over a two-year period. Three million of the total 6.9 million shares are payable at closing. An additional two million shares is payable on May 31, 2025. A last payment of 1.9 million shares is payable on May 31, 2026. The shares to be issued as part of this agreement are valued at \$0.035 per share. No finders fee was paid. This transaction was not closed as of June 30, 2024.

##### Church North and Ferguson Lake Properties

The Company has entered into option agreements with two private exploration companies to explore for uranium on an additional 200 claims. The claims are contiguous or in close proximity to the company's 16,320-hectare (780-claim) Malborne block. In an agreement with optionor one, the Company acquired an option on the Church North property located to the southwest of the main Malborne block. The Church North property consists of 100 claims. Optionor one consists of prospecting groups 2758145 Ontario Inc. and Robin Dunbar. In an agreement with optionor two, the Company acquired an option on the Ferguson Lake property consisting of 75 claims which are located on the north side of the Malborne claim block. Optionor two are prospecting groups 2758145 Ontario, Peter Gehrels and Allan Onchulenko. Also, in the same agreement with optionor two, the company acquired an option on the Church Northwest property (14 claims) and the U property (11 claims), both situated on the southwest side of the Malborne claim block.

The terms of the agreement for the Church North property (optionor one) are the same as they are for the Ferguson Lake properties (optionor two). The Company can own 100 per cent of each package of claims by paying to each optionor separately \$20,000 at closing on or before June 30, 2024, and by issuing a total of 300,000 common shares of the company. On the first anniversary of the closing and additional cash payment of \$30,000 is due and on the second anniversary of closing a final cash payment of \$50,000 is due.

The optionors will retain a 1.5-per-cent royalty. The Company or its assigns shall have the right at any time to purchase from optionors 0.5-per-cent net smelter return production royalty by way of a payment to the optionor of the sum of \$500,000. An

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**Record Resources Inc.****(formerly Silk Road Energy Inc.)****NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS***For the nine months ended June 30, 2024*

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**10. Mineral Properties and exploration and evaluation expenditures (continued)***Church North and Ferguson Lake Properties (continued)*

additional 0.5-per-cent net smelter return production royalty can be purchased by the Company for \$1million. The final 0.5-per-cent net smelter return production royalty can be purchased by the Company for \$1.5-million.

The shares to be issued as part of this agreement are valued at five cents per share. No finders fee was paid. This arm's-length agreement was signed on May 2, 2024. This transaction was not closed as of June 30, 2024.

**11. Loan payable**

The Company obtained three unsecured loans payable in the amount of \$19,698 from an arms-length party. These loans are due within 24 months with annual interest rate at prime plus 5%. Interest expense of \$979 have been accrued on these loans as of June 30, 2024.

**12. Subsequent event**

There was no significant subsequent event to report.