
VALKEA RESOURCES CORP.

(Formerly Outback Goldfields Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

June 30, 2024 and 2023

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of Valkea Resources Corp. (Formerly Outback Goldfields Corp.)

Opinion

We have audited the consolidated financial statements of Valkea Resources Corp. (Formerly Outback Goldfields Corp.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and June 30, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and June 30, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of Impairment Indicators of Exploration and Evaluation Assets

Description

Management assesses whether there are indicators of impairment to exploration and evaluation assets when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. Management applies judgement in assessing whether impairment indicators are present. No impairment indicators were identified by management as of June 30, 2024.

This matter was significant to our audit because the carrying value of the Company's exploration and evaluation assets at June 30, 2024, was \$ 13,900,025, which represents a significant portion of the Company's total assets and management applies significant judgement in assessing whether impairment indicators are present. See Note 3 and Note 9 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit

Our approach to addressing the matter included the following procedures, among others:

Evaluated management's assessment as to whether there were any indicators of impairment to exploration and evaluation assets, which included the following:

- Obtained mineral claim and permit listings held by the Company and performed auditing procedures to gain assurance that the claims were in good standing with the relevant authority.
- Assessed whether there were other changes in circumstances indicating that the exploration and evaluation expenditures may not be recoverable, based on the evidence obtained in other areas of the audit.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company recorded a net loss of \$805,811 and, as at June 30, 2024 the Company had an accumulated deficit of \$19,357,172. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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



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

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

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

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

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



D&H Group LLP
Chartered Professional Accountants
300 – 855 Homer Street
Vancouver, BC V6B 2W2

dhgroup.ca
t. 604.731.5881
f. 604.731.9923

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

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

"D&H Group LLP"

Vancouver, B.C.
October 28, 2024

Chartered Professional Accountants

VALKEA RESOURCES CORP.
Consolidated Statements of Financial Position
As at June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	June 30, 2024	June 30, 2023
ASSETS			
Current			
Cash		\$ 83,684	\$ 1,312,361
Restricted cash	10, 17	2,414,000	-
Amounts receivable	6	15,687	23,939
Prepays	7	85,783	109,361
		\$ 2,599,154	\$ 1,445,661
Non-Current			
Equipment		13,079	18,370
Deferred transaction costs	7, 17	168,748	-
Exploration & evaluation assets	9	13,900,025	13,633,812
Reclamation bond		21,168	16,026
TOTAL ASSETS		\$ 16,702,174	\$ 15,113,869
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	\$ 115,976	\$ 139,710
TOTAL LIABILITIES		\$ 115,976	\$ 139,710
EQUITY			
Share capital	10	\$ 31,259,203	\$ 31,259,203
Subscription receipts	10,17	2,414,000	-
Contributed surplus	10	2,270,167	2,266,317
Accumulated deficit		(19,357,172)	(18,551,361)
TOTAL EQUITY		\$ 16,586,198	\$ 14,974,159
TOTAL LIABILITIES AND EQUITY		\$ 16,702,174	\$ 15,113,869

Nature of operations and going concern (Note 1).

These consolidated financial statements were authorized for issue by the Board of Directors on October 25, 2024.

/s/ "Craig Parry"

CRAIG PARRY, Chairman

/s/ "Ota Hally"

OTA HALLY, Chief Financial Officer

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

VALKEA RESOURCES CORP.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	June 30, 2024	June 30, 2023
Expenses			
Accounting and legal	\$	55,628	\$ 72,488
Office and administrative		216,776	278,987
Management and professional fees	11	325,853	530,792
Marketing and investor services		62,117	108,051
Exploration expenses	9	126,458	-
Share-based compensation	10	3,850	159,687
Transfer agent, listing and filing fees		40,112	50,588
Total Expenses	\$	830,794	\$ 1,200,593
Other Income (expenses)			
Interest income		38,408	64,989
Impairment of exploration and evaluation assets	9	-	(11,134,885)
Foreign exchange (loss) gain		(13,425)	17,385
Total Other Income	\$	24,983	\$ (11,052,511)
Loss and comprehensive loss	\$	(805,811)	\$ (12,253,104)
Loss per common share – basic and diluted	\$	(0.14)	\$ (2.10)
Weighted average number of common shares outstanding, basic and diluted		5,837,050	5,837,050

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

VALKEA RESOURCES CORP.

Consolidated Statements of Changes in Equity

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	Common Shares	Subscription Receipts	Share Capital	Subscription Receipts	Contributed surplus		Accumulated Deficit	Total
						Option Reserve	Warrant Reserve		
Balance as at June 30, 2022		5,837,050	-	\$31,259,203	\$ -	\$1,951,575	\$155,055	\$ (6,298,257)	\$ 27,067,576
Share-based compensation	10	-	-	-	-	159,687	-	-	159,687
Net loss for the period		-	-	-	-	-	-	(12,253,104)	(12,253,104)
Balance as at June 30, 2023		5,837,050	-	31,259,203	-	2,111,262	155,055	(18,551,361)	14,974,159
Share-based compensation	10	-	-	-	-	3,850	-	-	3,850
Issued in private placement	10,17	-	6,035,000	-	2,414,000	-	-	-	2,414,000
Net loss for the period		-	-	-	-	-	-	(805,811)	(805,811)
Balance as at June 30, 2024		5,837,050	6,035,000	\$31,259,203	\$ 2,414,000	\$2,115,112	\$155,055	\$ (19,357,172)	\$ 16,586,198

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

VALKEA RESOURCES CORP.

Consolidated Statements of Cash Flows

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

	Note	June 30, 2024	June 30, 2023
Cash flows from (used in) operating activities			
Net loss for the period	\$	(805,811)	\$ (12,253,104)
Adjustments for items not representing changes in cash			
Share-based compensation	10	3,850	159,687
Impairment of exploration and evaluation assets	10	-	11,134,885
Amortization of equipment		5,791	8,020
Changes in non-cash working capital			
Amounts receivable	6	8,252	3,423
Prepays	7	23,578	(20,027)
Deferred transaction costs	7, 17	(168,748)	-
Accounts payable and accrued liabilities	8	(17,943)	66,673
Net cash generated (used) in operating activities	\$	(951,031)	\$ (900,443)
Cash flows from (used in) investing activities			
Expenditure on exploration and evaluation asset	9	\$ (272,004)	\$ (845,918)
Reclamation bond		(5,142)	141
Acquisition of equipment		(500)	1,926
Net cash (used) in investing activities	\$	(277,646)	\$ (843,851)
Cash flows from (used in) financing activities			
Proceeds on issuance of subscription receipts	10, 17	2,414,000	-
Transferred to restricted cash pending escrow release	10, 17	(2,414,000)	-
Net cash provided by financing activities	\$	-	\$ -
Change in cash	\$	(1,228,677)	\$ (1,744,294)
Cash, beginning of period		1,312,361	3,056,655
Cash, end of period	\$	83,684	\$ 1,312,361

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

VALKEA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Valkea Resources Corp., (the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018 (under the name Skarb Exploration Corp.). In December 2020, the Company moved its jurisdiction of incorporation to British Columbia and completed the process in January 2021. The Company’s head office is located at Suite 600 – 1111 Hastings St., Vancouver, British Columbia. The Company’s principal business activities include the acquisition and exploration of mineral property assets.

On December 15, 2020, the Company acquired certain gold projects located in Victoria, Australia. In December 2020, along with changing its name to Outback Goldfields Corp., the Company’s trading symbol on the Canadian Securities Exchange was changed to “OZ” and the Company completed a 3 for 1 security consolidation.

The Company’s common shares were first listed on the Canadian Securities Exchange under the symbol “SKRB” on February 13, 2019. The Company terminated its option agreement to acquire the RDR Project in Quebec, its original qualifying property, on March 24, 2020. In the year ended June 30, 2021 the Company began trading on the Frankfurt exchange under the symbol “S600” and on the OTCQB under the symbol “OZBKF”. In January of 2022, the Company began trading on the TSX Venture Exchange, continuing with the symbol “OZ”. At the date of these Financial Statements, the Company is in the process of re-listing on the OTCQB following a halt on account of the Finnish transactions described in Note 17, Subsequent Events.

The company structure is comprised of the parent company Valkea Resources Corp. and its sole 100% owned subsidiary Outback Goldfields Australia Pty Ltd incorporated in Australia.

Starting in December 2023, the Company began to work in earnest towards acquiring a portfolio of Finnish assets, with the completion of the transaction occurring on September 18, 2024 and described further in Note 17, Subsequent Events. Subsequent to the year ended June 30, 2024, the Company completed a share consolidation at a 10:1 ratio. All references to share, per share amounts, warrants and stock options have been retroactively restated to reflect the share consolidation.

Going Concern

As at June 30, 2024, the Company had working capital of \$2.5 million and incurred accumulated losses of \$19.4 million. The Company expects to incur further losses in the development of its business. To continue as a going concern, the Company will be dependent upon its ability to develop the business further, generate future profitable operations and/or obtain additional financing, which carries significant risk in ability to execute. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. However, the above factors indicate the existence of a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern. Adjustments arising from the non-continuation as a going concern would be material. Note 17, Subsequent Events describes the completion of financing that has improved the Company’s Going Concern outlook.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements, including comparative financial information have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS Accounting Standards”).

b) Basis of Measurement

The Company’s consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars (CAD) unless otherwise stated.

VALKEA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

c) Consolidation of Group Accounts

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Outback Goldfields Australia Pty Ltd (“Outback Australia”), incorporated in Australia. Outback Australia has a functional currency of Canadian Dollars. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

a) Cash

Cash primarily includes cash on hand with a Canadian chartered bank and a reputable bank in Australia. Restricted cash indicates cash that has limitations or contingencies ahead of it being available to the Company.

b) Foreign Currencies

The Company’s functional and presentation currency is Canadian dollars.

Transactions denominated in currencies other than the Canadian dollar are translated using the exchange rate in effect on the transaction date or at an average rate. Under this method, monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at the historical rate. Exchange gains or losses on translation are recorded on the consolidated statements of loss and comprehensive loss.

c) Exploration and Evaluation Assets

All costs related to the acquisition, exploration and evaluation of mineral properties are capitalized as incurred and deferred until management establishes technical feasibility and economic feasibility of a property. When technical feasibility and commercial viability of a property is demonstrated, exploration and evaluation assets will be reclassified into property.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. If any such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The estimated recoverable amount is determined on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the recoverable amount is estimated at the cash generating unit (“CGU”) level. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company will measure, present and disclose any resulting impairment loss.

d) Impairment of Long-lived Assets

The carrying value of long-lived assets, which consist primarily of mineral properties, is reviewed at each reporting date to determine whether there is any indication that the carrying value of the asset may not be

VALKEA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

recoverable. If indication does exist, the recoverable amount is estimated which is the higher of fair value less cost to sell and the value in use. An impairment loss would be recorded in the statements of loss and comprehensive loss for the amount the carrying value exceeds the recoverable amount. Impairment is assessed at a cash generating unit ("CGU") level, which for the Company are its individual gold projects.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of recoverable amount. An impairment loss is reversed through the statements of loss and comprehensive loss only to the extent that the assets or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU.

e) **Equipment Amortization**

The cost of equipment with a life greater than one year is amortized over its estimated useful life less any expected salvage value.

f) **Stock Options**

The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in equity (contributed surplus). The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. When stock-options are exercised, shares are granted and the amount previously recorded in equity (contributed surplus) is credited to share capital less consideration paid on exercise.

g) **Share Capital**

Common shares and warrants are classified as equity instruments. Costs directly identifiable to the issuance of new shares are shown in equity as a deduction to the related proceeds. Warrants issued to brokers or agents as a part of a financing transaction are fair valued used the Black-Scholes option pricing model and recorded in share capital and contributed surplus as issuance costs. If the Company issues units as part of a financing transaction, where such units consist of both common shares and share purchase warrants, the fair value of the warrants is determined using the residual value method, where first, the common shares are valued and the remaining balance is allocated to the warrants.

h) **Loss per Share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share, where applicable, is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares in the case of where they are in-the-money.

i) **Current and Deferred Income Taxes**

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using income tax rates and income tax laws that have been enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

VALKEA RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

j) Financial Instruments

The Company's financial instruments are classified and subsequently measured in the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). The classification is determined at initial recognition. A financial asset is derecognized when the contractual rights to cash flows from the financial asset expire, or when all associated risks and rewards of ownership of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

i) Financial assets and liabilities at amortized cost

Financial assets and liabilities categorized as amortized costs are initially recognized at fair value, adjusted for transaction costs, and subsequently carried at amortized cost less any impairment.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Gains and losses on derecognition of financial assets and liabilities categorized as amortized costs are recognized in the statements of loss and comprehensive loss.

ii) Financial assets at FVTOCI

Investments in equity instruments categorized as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income, and with gains and losses on derecognition of such assets remaining in accumulated other comprehensive income.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities categorized as FVTPL are recorded initially at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in financial assets and liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss in the period they are realized.

k) New Accounting Pronouncements

The International Accounting Standards Board continually issues new and amended standards and interpretations which may need to be adopted by the Company. The Company continually assesses the impact that the new and amended standards and interpretations may have on its financial statements or whether to early adopt any of the new requirements. No new or amended standards and interpretations affected the financial statements for the year ending June 30, 2024.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

VALKEA RESOURCES CORP.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Impairment of exploration and evaluation assets

Management applies judgement in assessing, each reporting period, whether there are any indicators of impairment related to exploration and evaluation assets. If an indicator exists, the recoverability of the exploration and evaluation asset is assessed using estimates, judgements and assumptions. To estimate recoverability, management considers current and forecasted commodity prices as well as the economic viability of the project.

Share-based payments

The Company measures the fair value of its share-based payments using a valuation model which requires management to use judgements and estimates in determining the inputs of such model. These inputs include volatility, spot price of the underlying shares, and expected life of the share option.

Valuation and allocation of consideration paid to acquired mineral properties

Management applies judgement in determining the valuation of consideration paid for properties when acquired. Relevant factors and indicators are evaluated including current share price at time of acquisition, volume of shares traded at time of acquisition, and recent material financings. Furthermore, management applies judgement in determining the allocation of consideration paid amongst properties when acquired. Relevant factors and indicators are evaluated including status of the ability to explore, the geological prospectivity of the property, and land area open to exploration.

Tax loss utilization

Management applies judgement in assessing, each reporting period, whether incurred losses have the potential to be utilized against future profits.

5. ACQUISITION OF VICTORIAN GOLD PROJECTS

On December 15, 2020, the Company closed the acquisition of the Victorian Gold Projects (the “transaction”) pursuant to the terms of an asset purchase agreement. The Company acquired, from Petratherm Ltd. (“Petratherm” – ASX listed symbol “PTR”), one exploration license, three exploration license applications and the right, title and interest in a mining and joint venture agreement by issuing 3,333,333 common shares (“Payment Shares”) of the Company that were all distributed to Petratherm shareholders on a pro rata, in-specie basis in April, 2021. The transaction was accounted for as an asset purchase of mineral property interests as it did not meet the definition of a business combination under IFRS 3.

6. AMOUNTS RECEIVABLE

The Company’s amounts receivable consists entirely of GST receivables in Canada and Australia.

7. PREPAIDS and DEFERRED TRANSACTION COSTS

The Company’s prepaids consists of insurance prepaids and the balance of various prepaid service contracts expensed over their terms.

Deferred transaction costs include legal, advisory, and other administrative costs related to the transaction described in Note 17, Subsequent Events. These costs are expected to be allocated to the appropriate accounts upon closing of the transaction.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable consists of normal course operating payables settled in due course as per their terms.

VALKEA RESOURCES CORP.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the Company's exploration and evaluation assets in Victoria, Australia.

	Yeungroon property	Glenfine property	Ballarat West property	Silver Spoon property	Other	Total
Opening Balance as at July 1, 2022	\$ 10,105,054	\$ 7,491,748	\$ 3,211,257	\$ 3,107,064	\$ 7,656	\$ 23,922,779
Exploration costs						
Chemical analysis	52,760	7,193	35,489	-	-	95,442
GIS & data management	1,172	-	270	-	-	1,442
Drilling and trenching	76,775	-	5,941	-	-	82,716
Geological services	169,163	19,876	185,261	12,906	-	387,206
Geophysical surveys	22,685	71,190	17,045	-	-	110,920
Materials and supplies	13,753	453	2,659	1,354	-	18,219
Project management	58,754	14,477	51,885	3,082	-	128,198
Recording and filing	4,026	1,129	6,789	646	-	12,590
Travel	4,617	1,777	2,790	-	-	9,184
	403,705	116,095	308,129	17,988	-	845,917
Closing balance as at June 30, 2023	\$ 10,508,759	\$ 7,607,843	\$ 3,519,386	\$ 3,125,052	\$ 7,656	\$ 24,768,696
Impairment of E & E assets	-	7,607,843	3,519,386	-	7,656	11,134,884
Closing balance as at June 30, 2023	\$ 10,508,759	\$ -	\$ -	\$ 3,125,052	\$ -	\$ 13,633,812

	Yeungroon property	Glenfine property	Ballarat West property	Silver Spoon property	Other	Total
Opening Balance as at July 1, 2023	\$ 10,508,759	\$ -	\$ -	\$ 3,125,052	\$ -	\$ 13,633,812
Exploration costs						
Chemical analysis	17,843	-	-	-	-	17,843
GIS & data management	-	-	-	-	-	-
Drilling and trenching	-	-	-	-	-	-
Geological services	59,031	89,764	19,647	28,994	-	197,435
Geophysical surveys	11,310	-	-	-	-	11,310
Materials and supplies	7,029	-	-	-	-	7,029
Project management	77,618	4,614	1,791	40,409	-	124,431
Recording and filing	15,294	-	4,123	4,315	-	23,732
Travel	3,961	6,394	126	410	-	10,891
Additions in current period	192,086	100,771	25,686	74,128	-	392,672
Charged to exploration expense	-	(100,771)	(25,686)	-	-	(126,458)
Closing balance as at June 30, 2024	\$ 10,700,845	\$ -	\$ -	\$ 3,199,180	\$ -	\$ 13,900,026

Following a strategic evaluation of the Company's four projects in the year ended June 30, 2023, it was determined that given existing plans and finances available for exploration, the priority of the Company is the Yeungroon and Silver Spoon properties. As such, the Glenfine and Ballarat West properties were consistent with the IFRS definition of having impairment indicators, and as such the Company impaired their values to NIL in the year ended June 30, 2023.

Minimum exploration spend commitments associated with granted exploration licences at the Victorian Gold Projects are as follows: \$510,800 for year ended June 30, 2025; \$557,600 for year ended June 30, 2026; \$346,900 for year ended June 30, 2027; \$78,000 for year ended June 30, 2028; and \$NIL for the year ended June 30, 2029. The Company has flexibility to defer some expenditures from one year to the next, as well to reduce the size of granted tenements and their associated minimum spend based on knowledge gained, relinquishing non-prospective areas. It is expected renewals of certain licences will result in additional minimum expenditures as well the granting of new licences applied for. The fiscal 2024 minimum exploration spend commitment for properties not impaired was met. Excluding Glenfine and Ballarat West, the total commitments for the years 2025 to 2028 are reduced to \$284,000,

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\$286,900, \$268,900, and \$NIL, respectively. During fiscal 2024, the Company signed a Letter of Intent with S2 Resources Ltd ("S2") to grant S2: a) an option to earn an 80% interest in the Silver Spoon, Ballarat West and Yeungroon exploration properties by incurring exploration expenditures of AUD\$1,200,000 within 48 months; and b) an option to earn a 51% interest in the Glenfine exploration property by incurring exploration expenditures of AUD\$200,000 within 48 months.

10. SHARE CAPITAL

a) **Authorized Capital:**

Unlimited number of common shares with no par value.

b) **Shares**

No shares were issued during the years ended June 30, 2024 and June 30, 2023.

c) **Stock Options**

At its AGM on November 19, 2020, the Company adopted a new revised stock option plan that allows issuance for up to 10% of its outstanding shares on a rolling basis amongst other terms of the plan. The purposes of the plan continue to be (a) support the achievement of the Company's performance objectives and (b) ensure that interests of key persons are aligned with the success of the Company. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model and are amortized over their vesting period.

On October 21, 2019, the Company granted 52,333 stock options with an exercise price of \$3.00 and expire 5 years from the grant date and were all vested and expensed immediately. Assumptions used to determine the fair value of the options: Average expected life, 5 years; Forfeiture rate, NIL; Volatility, 131%; and risk-free rate, 2.13%.

On December 15, 2020, the Company issued 538,333 stock options. The options granted had an exercise price of \$6.00, expired in 3 years from the grant date and vested in 3 tranches over 2 years with the first 1/3 vesting immediately and the subsequent two tranches one year apart. The grant price was in line with the private placement share price completed in November 2020. The following were the assumptions used to determine that the fair value is \$3.70 per option: Average expected life, 3 years; Forfeiture rate, NIL; Volatility, 100%; and risk-free rate, 0.29%. The full grant value was expensed over the vesting period and these options expired in December 2023.

On February 23, 2023, the Company issued 14,000 stock options to a consultant of the Company at an exercise price of \$1.10. Expiry is 5 years from the grant date and vest in 3 tranches over 2 years with the first 1/3 vesting immediately and the subsequent two tranches one year apart. Assumptions used to determine the fair value is \$0.90 per option: Average expected life, 5 years; Forfeiture rate, NIL; Volatility, 100%; and risk-free rate, 5%. The grant value will be expensed over the vesting period.

For the year ended June 30, 2024, \$3,850 was expensed as stock compensation expense (\$159,687 for the year ended June 30, 2023). A summary of the Company's share options is as follows:

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	Number of options outstanding	Weighted average exercise price
As at June 30, 2022	569,500	\$5.80
Granted	14,000	1.10
As at June 30, 2023	583,500	5.70
Expired	(525,000)	6.00
As at June 30, 2024	58,500	\$2.50

Expiry date	Number exercisable	Number outstanding	Exercise price
October 21, 2024	38,667	38,667	\$3.00
July 9, 2028	5,833	5,833	3.00
February 23, 2028	14,000	14,000	1.10
Balance	58,500	58,500	\$2.50

d) **Subscription Receipts**

As part of the minimum \$5.0 million private placement offering requirement for the Company to complete as part of its Finnish acquisition (Note 17), the Company closed the first tranche of this financing on June 21, 2024. The Company issued 6,035,000 subscription receipts (each, a "Subscription Receipt") at a price of \$0.40 per Subscription Receipt for gross proceeds of \$2,414,000. Each Subscription Receipt, upon satisfaction of the transaction close, will automatically convert into one unit (each, a "Unit"), with each Unit comprising of one common share of the Company (each, a "Share") and one common share purchase warrant of the Company (each, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one additional Share at a price of \$0.60 for a period of three years following the conversion of the Subscription Receipts. As described in Note 17, the transaction closed on September 18, 2024 and these Subscription Receipts all converted to shares and warrants.

11. RELATED PARTY DISCLOSURES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, and are considered related parties. 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. Payments to key management personnel in the year ended June 30, 2024 were made pursuant to their contracts and agreements in place and consist of cash-based payments as well stock-based compensation arising from amortization of options granted, summarized in the following table:

	June 30, 2024	June 30, 2023
Director remuneration	\$ 72,065	\$ 178,000
Officer & key management remuneration	260,797	322,729
Advisory and other service fees	112,500	144,000
Share-based compensation	3,276	135,894
Total	\$ 448,638	\$ 780,623

During the year ended June 30, 2024, no common shares were issued to related parties of the Company. The

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Company sub-leases its office space and receives shared services from an entity controlled by its Chairman as described below. Sub-lease costs, office expenses, human resource support, and related fees of \$7,500 per month were being incurred and paid monthly. All dealings with this entity are at fair market value for services received by the Company. Included in accounts payable and accrued liabilities at June 30, 2024 was \$32,541 owing for services to directors and officers.

12. COMMITMENTS

The Company's three-year Vancouver office shared space sub-lease was entered into on December 1, 2020, and in the year ended June 30, 2023 had a monthly cost of \$7,500 per month. The contract was terminated on June 30, 2024 with no penalties. The Company determined IFRS 16 does not apply.

13. CAPITAL MANAGEMENT

The Company's capital consists of share capital and contributed surplus. The Company manages its capital structure based on the funds available to the Company, in order to support exploration. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

14. INCOME TAXES

The provision for income taxes differs from the amount that would have been obtained by applying the statutory income tax rate to the Company's net loss. A reconciliation of income taxes at statutory rates with the reported taxes for the years ended June 30, 2024 and 2023 are as follows:

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	Year ended June 30,	
	2024	2023
Net loss for the year	\$ (805,811)	\$ (12,253,104)
Expected income tax recovery	(217,569)	(3,308,338)
Difference due to foreign tax rates and other	6,102	3,420
Effect of accounting impairment of assets	-	3,006,419
Non-deductible items	1,040	43,115
Unrecognized benefit of income tax losses	210,428	255,383
Income tax expense	\$ -	\$ -

The income tax effects of temporary differences that give rise to components of deferred income tax assets and liabilities are solely due to non-capital losses and are unrecognized as they are not expected to be utilized in the foreseeable future, the amount being \$2,606,100 as at June 30, 2024 (2023 - \$2,393,500).

The Company has non-capital losses for income tax purposes of approximately \$5.4 million (2023 - \$4.7 million) available to reduce future years' taxable income which expire between the 2038 and 2044 fiscal years. The Company's subsidiary has non-capital losses for income tax purposes of approximately \$4.6 million (2023 - \$4.5 million) which do not expire. The benefit of these non-capital losses has not been recognized in the Company's accounts as it is unknown when such benefit will be realized.

15. FINANCIAL INSTRUMENTS

a) Fair Value

The Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

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

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

Additionally, they are classified in one of the following categories: fair value through profit or loss ("FVTPOL"); amortized cost; or fair value through other comprehensive income ("FVTOCI").

The following table summarizes the Company's assessment of these categories and levels:

Financial Instrument	Category	Hierarchy Level	30-Jun 2024	30-Jun 2023
Cash	FVTPOL	1	\$ 83,684	\$ 1,312,361
Restricted cash	FVTPOL	1	\$ 2,414,000	\$ -
Accounts payable and accrued liabilities	Amortized cost	**	115,976	139,710
Total			\$ 2,613,660	\$ 1,452,071

** The fair values of these accounts approximate their carrying values due to their short-term nature.

b) Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

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Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at June 30, 2024, the Company's cash is on deposit with a large Canadian bank. Management believes the risk of loss to be remote.

ii) **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As of June 30, 2024, the Company had working capital of \$2.5 million including cash of \$0.1 million. Contractual maturity analysis of the Company's financial instruments (cash, prepaids and accounts payable) indicates all have maturity less than 3 months as at June 30, 2024 and June 30, 2023. Additional information on liquidity is described Note 17, Subsequent Events.

iii) **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company does not expect exchange rates or interest rates to have a material impact to the Company in the foreseeable future. Commodity and equity prices however can affect the ability to raise capital in the future should that be needed.

iv) **Currency Risk**

The Company's operating costs are primarily in Canadian dollars and Australian dollars, therefore any fluctuations of the Canadian dollar in relation to the Australian dollar may affect the profitability and value of some assets and liabilities of the Company. Management believes that at June 30, 2024, any currency risk from foreign exchange conversion is not significant.

v) **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates.

Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of the balance sheet date.

16. SEGMENTED INFORMATION

The Company is in the exploration stage and has no segment revenues or operating results. The following table discloses the Company's assets by geographic segment as at June 30, 2024 and June 30, 2023.

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	Canada	Australia	Total
June 30, 2024			
Current assets	\$ 2,734,085	\$ 33,817	\$ 2,767,902
Non-current assets	-	13,934,272	13,934,272
Total	\$ 2,734,085	\$ 13,968,089	\$ 16,702,174
June 30, 2023			
Current assets	\$ 1,373,246	\$ 72,415	\$ 1,445,661
Non-current assets	-	13,668,208	13,668,208
Total	\$ 1,373,246	\$ 13,740,623	\$ 15,113,869

17. SUBSEQUENT EVENTS**Private placement**

Subsequent to year-end, the Company received an additional \$2,649,979 in proceeds related to the private placement described in Note 10(e). On September 5, 2024 and September 18, 2024, the Company closed its private placement and issued an aggregate 12,659,947 Units at a price of \$0.40 per unit for gross proceeds of \$ 5,063,979. Each Unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one common share at \$0.60 per share for three years from the date of issuance. The Company issued 268,800 finders' warrants entitling the holder to purchase one common share at \$0.60 per share for two years from the date of issuance.

Acquisition of Finnish mineral properties

On May 9, 2024, the Company entered into a Definitive Agreement with S2 Resources Limited ("S2") to acquire its Finnish exploration properties by purchasing all outstanding shares of S2's wholly-owned subsidiary, Sakumpu Exploration Oy. On September 18, 2024, the Company completed the private placement above and as consideration paid \$1,500,000 cash and issued 13,750,000 common shares to S2, which comprised 42.6% of the Company's outstanding shares. The Company has determined the acquisition of Sakumpu Exploration Oy did not constitute a business as defined under IFRS 3 Business Combinations. The Company incurred advisory fees of \$620,000 to Agentis Capital associated with the acquisition.

Stock-based compensation

Subsequent to year-end the Company granted 3,150,000 stock options to directors, officers and consultants with an exercise price of \$0.40 per common share, exercisable for a period of three years and 1,931,250 Deferred Share Units. The Deferred Share units vest after 1 year and terms are expected to include the Company having the ability to settle the units through issuance of shares or cash payment, and with settlement due only upon the holder ceasing to provide services to the Company.