

ARBOR METALS CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2023 AND 2022

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Arbor Metals Corp. (the “Company”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

ARBOR METALS CORP.

Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	July 31 2023	October 31 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 531,931	\$ 33,238
GST receivable	3,814	1,606
Prepaid expenses	10,025	5,695
Total current assets	545,770	40,539
Non-current assets		
Exploration and evaluation properties (note 4)	282,079	126,240
Total assets	\$ 827,849	\$ 166,779
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 68,727	\$ 22,714
Total current liabilities	68,727	22,714
Non-current liabilities		
Loans payable (note 5)	1,433,632	626,510
Total liabilities	1,502,359	649,224
DEFICIENCY		
Share capital (note 6)	2,898,591	2,898,591
Reserves (note 6)	281,746	281,746
Deficit	(3,854,847)	(3,662,782)
Total deficiency	(674,510)	(482,445)
Total liabilities and deficiency	\$ 827,849	\$ 166,779

Nature and continuance of operations (note 1)

Approved on behalf of the Board

Director "Alex Klenman"
Alex Klenman

Director "Mark Ferguson"
Mark Ferguson

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

ARBOR METALS CORP.Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended July 31		For the nine months ended July 31	
	2023	2022	2023	2022
Expenses				
Consulting fees (note 7)	\$ 8,250	\$ 8,250	\$ 24,750	\$ 26,750
Corporate communications	-	-	800	-
Interest (note 5)	23,158	15,145	57,122	43,856
Office and administration	125	126	984	1,007
Professional fees	30,203	26,851	48,116	43,778
Property costs	1,500	-	1,500	-
Transfer agent and filing fees	17,564	11,146	58,793	48,253
Net loss and comprehensive loss	\$ (80,800)	\$ (61,518)	\$ (192,065)	\$ (163,644)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	59,970,075	58,152,684	59,970,075	56,277,401

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

ARBOR METALS CORP.

Consolidated Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended July 31	
	2023	2022
Cash provided by (used in):		
Operating activities		
Net loss	\$ (192,065)	\$ (163,644)
Item not involving cash:		
Interest	57,122	43,856
Change in non-cash working capital:		
GST receivable	(2,208)	(4,750)
Prepaid expenses	(4,330)	(6,896)
Accounts payable and accrued liabilities	46,013	44,619
Net cash flows used in operating activities	(95,468)	(86,815)
Investing activities		
Mineral property acquisition and exploration costs	(155,839)	(140,547)
Net cash flows used in investing activities	(155,839)	(140,547)
Financing activities		
Loan advances	750,000	-
Exercise of warrants	-	226,000
Net cash flows provided by financing activities	750,000	226,000
Change in cash	498,693	(1,362)
Cash and cash equivalents, beginning of the period	33,238	136,631
Cash and cash equivalents, end of the period	\$ 531,931	\$ 135,269
Supplemental disclosures with respect to cash flow:		
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

ARBOR METALS CORP.

Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance at November 1, 2021	54,570,075	\$ 2,672,591	\$ 281,746	\$ (2,391,854)	\$ 562,483
Exercise of warrants (note 6)	5,400,000	226,000	-	-	226,000
Net loss	-	-	-	(163,644)	(163,644)
Balance at July 31, 2022	59,970,075	2,898,591	281,746	(2,555,498)	624,839
Balance at November 1, 2022	59,970,075	2,898,591	281,746	(3,662,782)	(482,445)
Net loss	-	-	-	(192,065)	(192,065)
Balance at July 31, 2023	59,970,075	\$ 2,898,591	\$ 281,746	\$ (3,854,847)	\$ (674,510)

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

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Arbor Metals Corp. (the "Company") was incorporated in the Province of British Columbia on May 19, 2011 and is in the business of identifying, acquiring and exploring mineral properties. The Company is currently in the exploration stage of developing its exploration and evaluation properties and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ABR".

The address of the Company's registered office is 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

These consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied upon external financing for its operational expenses. As at July 31, 2023, the Company had an accumulated deficit of \$3,854,847 (October 31, 2022 - \$3,662,782), which has been funded by the issuance of equity and debt. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company intends to continue relying upon external financing to finance its future activities but there can be no assurance that such financing will be available on a timely basis and/or on terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations and the Company's ability to continue as a going concern.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of operating revenue and has significant cash requirements to finance its administrative overhead expenses and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS, continued

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company estimates that additional funding will be required to continue operations over the next 12 months.

These consolidated interim financial statements were authorized for issue on September 7, 2023 by the directors of the Company.

2. BASIS OF PRESENTATION**Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2022, which have been prepared in accordance with IFRS.

These consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. All amounts are expressed in Canadian dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

These consolidated interim financial statements include the financial statements of the Company and its wholly owned subsidiaries, Kruger Gold Corp. ("Kruger"), Arbor Metals USA Corp. (Arbor USA) and Arbor Gold Royalties Corp. ("Arbor Gold"). Kruger and Arbor Gold are incorporated in the Province of British Columbia, and Arbor USA is incorporated in the State of Nevada, USA.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued**Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated in preparing the consolidated interim financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination of whether deferred tax assets are recognized on the statement of financial position;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable; and
- the determination of whether the assets acquired and liabilities assumed in an acquisition constitute a business.

New accounting standards issued but not yet effective

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's consolidated interim financial statements.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION PROPERTIES

A summary of the capitalized acquisition and exploration expenditures for the year ended October 31, 2022 and the nine months ended July 31, 2023 are as follows:

	Jarnet Lithium	Miller Crossing	Rakounga Gold	Total
Balance at October 31, 2021	\$ -	\$ 49,348	\$ 990,579	\$ 1,039,927
Acquisition costs	20,000	11,346	-	31,346
Exploration costs	106,240	3,397	12,167	121,804
Impairment	-	(64,091)	(1,002,746)	(1,066,837)
Balance at October 31, 2022	\$ 126,240	\$ -	\$ -	\$ 126,240
Acquisition costs	20,000	-	-	20,000
Exploration costs	135,839	-	-	135,839
Balance at July 31, 2023	\$ 282,079	\$ -	\$ -	\$ 282,079

Jarnet Lithium Project, Quebec, Canada

On January 26, 2022, the Company signed a property option agreement to acquire a 100% interest in certain mineral claims, comprising 2,430 hectares in the James Bay region of Quebec. The terms of the Purchase Option Agreement are as follows:

- (a) cash consideration of \$20,000 on signing of the agreement (*paid*);
- (b) \$20,000 on or before January 26, 2023 (*paid*);
- (c) \$60,000 on or before January 26, 2024;
- (d) \$100,000 in exploration expenditures on or before January 26, 2023 (*incurred*);
- (e) \$100,000 in exploration expenditures on or before January 26, 2024; and
- (f) \$100,000 in exploration expenditures on or before January 26, 2025.

The Company's interest is subject to a 1% NSR payable to the vendor, which may be purchased for \$1,000,000.

Miller Crossing property, Nevada USA

On October 10, 2021, the Company, through its wholly owned subsidiary Arbor Metals USA Corp., secured 100% ownership of the Miller's Crossing Lithium Project, Big Smoky Valley Nevada USA by staking. The Miller's Crossing project consists of 192 claims covering 3,800 acres in the Big Smoky Valley.

As at October 31, 2022, management concluded that the recoverable value of the Miller Crossing property was indeterminable and recorded an impairment of \$64,091.

Rakounga Gold Project, Burkina Fasso, West Africa

On December 2, 2019, as amended on March 2, 2020, Kruger Gold Corp. ("Kruger"), the Company's subsidiary, entered into a property option agreement (the "Agreement") with Nexus Gold Corp. ("Optionor") to acquire a 100% interest in a mineral exploration permit located in Burkina Faso, West Africa, commonly referred to as the "Rakounga Gold Project" (the "Project"). The terms of the Agreement are as follows:

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION PROPERTIES, continued**Rakounga Gold Project, Burkina Fasso, West Africa, continued**

- a) Completing a Qualifying Transaction by either completion of a financing transaction or a going public transaction by Kruger, on or before the date which is 12 months from the Closing date of December 13, 2019 – *Completed by Kruger pursuant to an asset purchase agreement.*
- b) Making cash payments totalling \$1,000,000 as follows:
 - a. \$30,000 on the Closing Date of December 13, 2019 – *paid*
 - b. An additional \$70,000 on or before March 16, 2020 – *paid*
 - c. An additional \$150,000, on or before November 30, 2022 - *unpaid*
 - d. An additional \$250,000, on or before November 30, 2023
 - e. An additional \$500,000, on or before November 30, 2024
- c) By incurring expenditures of not less than \$1,250,000 as follows:
 - a. \$100,000 on or before December 13, 2021 - *incurred*
 - b. An additional \$150,000 on or before December 13, 2022 – *not incurred*
 - c. An additional \$500,000 on or before December 13, 2023
 - d. An additional \$500,000 on or before December 13, 2024

Following completion of these payments and expenditures, Kruger will have a 90% interest in the Project. Kruger has the right to acquire the remaining 10% interest in the Project in consideration for a one-time cash payment of \$1,000,000.

The Optionor is subject to an underlying option agreement with an underlying owner of the Project and a royalty agreement with Sandstorm Gold Ltd. ("Sandstorm"). As a result, the Company's interest is subject to a 1% NSR payable to the underlying owner and a further 1% royalty in favour of Sandstorm.

As at October 31, 2022, management decided it would not pursue further exploration on the Rakounga Gold Project and would terminate the option agreement. The Company recorded an impairment of \$1,002,746.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in Canadian Dollars)

5. LOANS PAYABLE

During the nine months ended July 31, 2023, the Company entered into loan agreements with an arm's length third party. Pursuant to the loan agreements, the Company received a total of \$750,000. These loans are unsecured, bear interest at a rate of 10% per annum and are repayable to the lender by July 26, 2025.

During the nine months ended July 31, 2023, the Company accrued interest expense of \$8,674 (2022 - \$Nil) in connection with the loans payable.

On May 12, 2020, the Company entered into a Credit Facility Agreement ("Credit Facility") with an arms' length third party. Pursuant to the Credit Facility, the Company received advances totalling \$500,000. The Credit Facility bears interest at a rate of 10% per annum, compounded monthly with a maturity date of May 12, 2022. On May 15, 2022, the Creditor agreed to extend the repayment date of the facility plus accrued interest to May 31, 2024. On July 24, 2023, the Creditor agreed to further extend the repayment date of the facility plus accrued interest to May 31, 2025.

During the nine months ended July 31, 2023, the Company accrued interest expense of \$48,448 (2022 - \$43,855) in connection with the loans payable. As at July 31, 2023, the total balance of the loan payable is \$674,958 (October 31, 2022 - \$626,510), which is comprised of \$500,000 (2022 - \$500,000) in principal and \$174,958 (October 31, 2022 - \$126,510) in interest payable.

6. SHARE CAPITAL AND RESERVES**Authorized**

Unlimited common shares without par value

Issued

Shares issued and outstanding at July 31, 2023 are 59,970,075 (October 31, 2022 – 59,970,075).

Year ended October 31, 2022

On July 27, 2022, the Company issued 1,900,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$76,000.

On March 22, 2022, the Company issued 3,500,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$150,000.

Warrants

Warrant activity for the nine months ended July 31, 2023 and the year ended October 31, 2022 is presented below:

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES, continued**Warrants, continued**

	For the nine months ended July 31 2023		Year ended October 31 2022	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	-	\$ -	24,811,500	\$ 0.04
Exercised	-	-	(5,400,000)	0.04
Expired	-	-	(19,411,500)	0.04
Outstanding - end of period	-	\$ -	-	\$ -

As at July 31, 2023 and October 31, 2022, the Company had no share purchase warrants outstanding.

Share-based Payments

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the plan may not exceed ten years and vest at the discretion of the board of directors and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed. Notwithstanding the foregoing, options issued to consultants performing investor relations activities vest over 12 months with no more than 25% of the options vesting in any three-month period. Occasionally, the Company issues stock options to agents which do not fall under the plan.

As at July 31, 2023 and October 31, 2022, the Company had no stock options outstanding.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel comprise the Company's Board of Directors and executive officers.

During the nine months ended July 31, 2023 and 2022, the Company:

- a) Paid consulting fees of \$13,500 (2022 - \$13,500) to the CEO of the Company;
- b) Paid consulting fees of \$11,250 (2022 - \$13,250) to a director and a company controlled by a director.

At July 31, 2023, the Company owed a director and a company controlled by a director \$1,783 (October 31, 2022 - \$Nil) in respect of fees, which is included in accounts payable.

Key management personnel is comprised of the Company's Board of Directors and executive officers.

During the nine months ended July 31, 2023 and 2022, no remuneration was paid to key management personnel other than as noted below:

	2023	2022
Consulting fees	\$ 24,750	\$26,750
Total	\$ 24,750	\$26,750

8. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash and cash equivalents to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating costs over a reasonable future period. The Company accesses capital markets as necessary and may also raise additional funds where advantageous circumstances arise.

The Company currently has no externally imposed capital requirements. There was no change to the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS

As at July 31, 2023, the Company's financial instruments consist of cash, accounts payable and accrued liabilities and loans payable. In management's opinion, the Company's carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments. The loans are classified as other financial liabilities, which are measured at amortized cost.

ARBOR METALS CORP.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the periods ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS, continued

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 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and 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 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at July 31, 2023, cash is assessed to be a Level 1 instrument.

The Company is exposed to varying degrees of a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution and therefore is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at July 31, 2023, the Company had working capital of \$477,043. This included cash of \$531,931, a GST receivable balance of \$3,814 and prepaid expenses of \$10,025. Accounts payable have contractual maturities of approximately 30 to 90 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rates on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

In management's opinion, the Company is not exposed to significant interest rate risk.