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**Valhalla Metals, Inc.**  
**Condensed Interim Financial Statements**  
**For the three and six months ended June 30, 2022 and 2021**  
**(Expressed in US dollars)**

**Notice of No Auditor Review**

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





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# Valhalla Metals, Inc.

## Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in US Dollars)

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	For the six months ended June 30		For the three months ended June 30	
	2022	2021	2022	2021
<b>EXPENSES</b>				
Exploration and evaluation expenses (Note 4)	\$ 4,785	23,760	2,393	11,880
Office and miscellaneous	(332)	-	(453)	-
Audit	31,464	-	15,668	-
Accounting fees	11,406	-	5,087	-
Legal fees	3,607	13,172	685	2,064
<b>TOTAL EXPENSES</b>	<b>\$ 50,929</b>	<b>36,932</b>	<b>23,380</b>	<b>13,944</b>
Interest income	6	1	1	1
<b>Loss and comprehensive loss for the period</b>	<b>\$ (50,923)</b>	<b>(36,931)</b>	<b>(23,379)</b>	<b>(13,943)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.45)</b>	<b>(0.33)</b>	<b>(0.21)</b>	<b>(0.12)</b>
<b>Weighted average number of shares outstanding (basic and diluted)</b>	<b>112,362</b>	<b>111,961</b>	<b>112,362</b>	<b>111,961</b>

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

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## Valhalla Metals, Inc.

### Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in US Dollars)

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	Number of Shares	Share Capital	Deficit	Shareholders' Equity
<b>Balance at December 31, 2020</b>	111,960.53	\$ 2,637,199	\$ (979,438)	\$ 1,657,761
Issuance of common shares (Note 6)	401.47	60,700	-	60,700
Loss and comprehensive loss for the year	-	-	(73,390)	(73,390)
<b>Balance at December 31, 2021</b>	112,362.00	\$ 2,697,899	\$ (1,052,828)	\$ 1,645,071
Loss and comprehensive loss for the period	-	-	(50,923)	(50,923)
<b>Balance at June 30, 2022</b>	112,362.00	\$ 2,697,899	\$ (1,103,751)	\$ 1,594,148

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

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# Valhalla Metals, Inc.

## Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in US Dollars)

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	For the six months ended June 30, 2022	For the six months ended June 30, 2021
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Loss and comprehensive loss for the period	\$ (50,923)	\$ (36,931)
Change in non-cash working capital:		
Deferred transactions costs (Note 8)	(79,280)	-
Prepaid expenses	(88,697)	23,760
Sponsorship agreement liability (Note 4)	(60,297)	-
Accounts payable and accrued liabilities (Note 5)	42,883	-
	<b>(236,315)</b>	<b>(13,171)</b>
<b>Change in cash during the period</b>	<b>(236,315)</b>	<b>(13,171)</b>
<b>Cash, beginning of the period</b>	<b>261,065</b>	<b>26,251</b>
<b>Cash, end of the period</b>	<b>\$ 24,750</b>	<b>\$ 13,080</b>

### SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW

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#### Cash paid for:

Interest	\$	-	\$	-
Taxes	\$	-	\$	-

There were no non-cash investing and financing activities during the periods ended June 30, 2022 and June 30, 2021

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

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# Valhalla Metals, Inc.

## Notes to the Condensed Interim Financial Statements

### For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in US Dollars)

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#### 1. Nature and continuance of operations and going concern

Valhalla Metals, Inc. (the "Company") was incorporated in the state of Alaska, United States of America ("US") on May 13, 2018., and its principal business activity is acquiring and exploring mineral properties. The Company's registered place of business is located at 9360 Glacier HWY Ste 202, Juneau, Alaska 99801 with principal office located at 958 Chena Pump Road, Fairbanks, Alaska 99709.

The condensed interim financial statements were prepared on a going concern basis with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has a working capital deficit of \$ 5,853 (December 31, 2021 – surplus of \$45,071), has incurred significant operating losses since inception, resulting in a deficit of \$1,103,751 (December 31, 2021 – \$1,052,828). While the Company has been successful in obtaining funding in the past through the issuance of additional equity, there is no assurance that such funding will be available in the future. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value exploration and evaluation assets and, ultimately, the Company's ability to continue as a going concern, is dependent upon the Company's ability to raise financing to complete the acquisition of a project, the realization of which is uncertain. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets, leading to a global economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID- 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. This may impact the Company's ability to obtain additional financing to support exploration activities.

#### 2. Basis of presentation

##### Basis of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended December 31, 2021. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereon for the year ended December 31, 2021.

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# Valhalla Metals, Inc.

## Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in US Dollars)

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### 2. Summary of significant accounting policies (continued)

#### Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### Significant accounting estimates and judgments

The preparation of the condensed interim financial statements may require management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses and recoveries during the reporting periods. Actual outcomes could differ from these 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 may affect both the period of revision and future periods. The estimates and judgements applied are consistent with those disclosed in Note 3 to the Company's annual financial statements for the year ended December 31, 2021.

#### New standards, amendments and interpretations

These condensed interim financial statements have been prepared following the same accounting policies as disclosed in Note 4 of the annual audited financial statements for the year ended December 31, 2021.

### 3. Risk management and financial instruments

Financial instruments are agreements between two parties that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company classifies its financial instruments as follows: cash is classified as FVTPL; amounts receivable are classified as amortized cost; and accounts payable and accrued liabilities and due to related party, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. All of the Company's cash is held in reputable financial institutions and as such, the Company believes credit risk is negligible.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. As at June 30, 2022, the Company is not exposed to significant market risk.

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# Valhalla Metals, Inc.

## Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in US Dollars)

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### 3. Risk management and financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to attempt to ensure that it will have sufficient cash or credit available to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, and by maintaining its lending arrangement with a related party. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of June 30, 2022. The Sponsorship agreement liability of \$159,190 will be cleared when the Company will recognize additional exploration expenditures, worth of \$159,190, on the Sun property (see Note 4 for additional details).

### 4. Exploration and Evaluation Asset

#### a) Sun Property

On May 15, 2018, Valhalla Mining, LLC, a company controlled by a director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of \$800,000. The mineral rights ("Sun Property") are located in the Ambler Mining District of Alaska.

On July 16, 2021, the Company entered into a sponsorship agreement with a foreign corporation to obtain funding for the exploration and development of the Sun project.

The business arrangement provides that the foreign corporation will fund \$500,000 for the 2021 Sun project exploration program. The funds (\$500,000) were advanced to the Company on July 21, 2021.

As of June 30, 2022, the Company spent the \$500,000 funding on expenditures eligible under the sponsorship agreement. There is still an amount of \$159,190 recorded as "Sponsorship agreement liability" in the Condensed Interim Statement of Financial Position of the Company because some of the funds were used to prepay for certain expenses and equipment acquired after June 30, 2022.

#### b) Smucker Property

On May 15, 2018, Valhalla Mining, LLC, a company controlled by a director of the Company, transferred its 100% interest in certain mineral rights to the Company in exchange of common shares with a fair value of \$800,000. The mineral rights ("Smucker Property") are located in the Ambler Mining District of Alaska.

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# Valhalla Metals, Inc.

## Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in US Dollars)

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### 4. Exploration and Evaluation Asset (continued)

There were no changes in exploration and evaluation assets during the year ended Dec 31, 2021 or the six months ended June 30, 2022. The following tables present a summary of the exploration and evaluation expenses incurred during the three months ended June 30, 2021 and June 30, 2022:

<b>June 30, 2022</b>		<b>Sun</b>		<b>Smucker</b>		<b>Total</b>
Mineral claims rents	\$	34,125	\$	4,785	\$	<b>38,910</b>
Geology		26,173		-	\$	<b>26,173</b>
Recovery of costs under the sponsorship agreement		(60,298)		-		<b>(60,298)</b>
<b>Total for the period ended June 30, 2022</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>4,785</b>	<b>\$</b>	<b>4,785</b>

<b>June 30, 2021</b>		<b>Sun</b>		<b>Smucker</b>		<b>Total</b>
Mineral claims rents	\$	18,975	\$	4,785	\$	<b>23,760</b>
<b>Total for the period ended June 30, 2021</b>	<b>\$</b>	<b>18,975</b>	<b>\$</b>	<b>2,393</b>	<b>\$</b>	<b>23,760</b>

### 5. Related party disclosures

#### *Key management compensation*

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) and officers of the Company. The remuneration of key management personnel during the six months ended June 30, 2021 was nil. During the six months ended June 30, 2022, \$12,500 was paid to a director of the Company for consulting services related to the Sun property.

Included in accounts payable and accrued liabilities at June 30, 2022 is \$13,719 (December 31, 2021 - \$820) due to the directors of the Company for reimbursable expenses paid on behalf of the Company. As of June 30, 2022 there is NIL owed to directors/officers of the Company for services provided to the Company (December 31, 2021 - \$10,000).

### 6. Share capital

#### (a) Authorized

The Company's authorized share capital consists of 1,000,000 Class A common shares without par value. The Company may issue fractional shares.

#### (b) Reconciliation of changes in share capital

In September 2021, the Company issued 401.47 common shares for gross proceeds of \$60,700.

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# Valhalla Metals, Inc.

## Notes to the Condensed Interim Financial Statements

### For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in US Dollars)

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#### 7. Contingencies

The Company's interest in the Smucker Property is subject to an ongoing dispute between Teck Resources ("Teck"), Valhalla Mining, LLC ("Valhalla Mining") (a company owned by a director of the Company), and the State of Alaska Department of Natural Resources ("DNR"). In November 2018, Teck and DNR notified Valhalla Mining that 11 of the 58 mineral claims comprising the Smucker property were invalid to the extent of those claims over-lapped the old Teck claims block at Smucker.

Valhalla Mining succeeded in its claims to quiet title to the disputed mining claims in April 2021 at the Alaska Superior Court, however the Court's decision was appealed to the Alaska Supreme Court by Teck and DNR on April 27, 2021. The Company expects a final resolution of the appeal in late 2022 or early 2023.

If Teck and DNR are successful in their appeal, Valhalla Mining, and therefore, the Company, will lose its right and title to the 11 mineral claims subject to dispute.

Upon final resolution of the dispute, Valhalla Mining will transfer to the Company, by quitclaim deed, all rights to any mining claims it holds in the Smucker Property.

#### 8. Subsequent events

##### **Business Combination Agreement**

##### Business Combination Agreement

On February 7, 2022 the Company entered into a definitive business combination agreement (the "Proposed Transaction") with Solidus Gold Inc. ("Solidus") which will result in a reverse takeover of Solidus by the Company by way of share exchange.

On September 16, 2022, the Company and Solidus closed the Proposed Transactions and Solidus changed its name to Valhalla Metals Inc. In connection with the reverse takeover, Solidus undertook a consolidation of its outstanding common shares on a 5 for 1 basis and completed a concurrent private placement of Solidus Subordinate Voting Shares at C\$0.50 per Subordinate Voting Share. Solidus issued a total of 3,880,762 shares for total gross proceeds of \$1,940,381. In addition, the Company received a strategic investment by Marubeni Metals & Minerals (Canada) Inc by way of a private placement for gross proceeds of C\$8,290,000 at an aggregate price of C\$0.50 per share (total shares issued to Marubeni – 16,580,000).

In connection with the Proposed Transactions, as of June 30, 2022 the Company incurred \$141,470 in legal fees. These costs are recognized as "Deferred transaction costs" in the Condensed Interim Statement of Financial Position of the Company of the Company for the six months ended June 30, 2022.