



Harfang Exploration Inc.

Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ended April 30, 2023

*The attached financial statements have been prepared by Management of
Harfang Exploration Inc. and have not been reviewed by the auditor*

Harfang Exploration Inc.

Statements of Financial Position

(Unaudited, in Canadian Dollars)

	Note	As at April 30, 2023 \$	As at January 31, 2023 \$
Assets			
Current assets			
Cash	4	6,690,110	7,413,806
Sales tax receivable		216,348	161,992
Tax credits and government grant receivables		507,174	300,652
Prepaid expenses and others		56,032	21,146
Current assets		7,469,664	7,897,596
Non-current assets			
Listed shares	5	186,250	187,500
Exploration and evaluation assets	6	9,103,210	9,101,236
Non-current assets		9,289,460	9,288,736
Total assets		16,759,124	17,186,332
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		160,109	198,687
Liability related to the premium on flow-through shares		114,421	-
Total Liabilities		274,530	198,687
Equity			
Share capital		28,537,676	28,155,697
Warrants	8	15,997	15,997
Contributed surplus		2,009,492	2,009,492
Deficit		(14,078,571)	(13,193,541)
Total equity		16,484,594	16,987,645
Total liabilities and equity		16,759,124	17,186,332

Subsequent events

11

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

Harfang Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, in Canadian Dollars)

		Three months ended April 30	
	Note	2023	2022
		\$	\$
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	10	812,996	684,343
Salaries and benefits		52,340	45,874
Stock-based compensation	9	-	235,800
Director's fees		20,875	-
Consulting and professional fees		158,556	83,016
Office and administrative		24,936	26,906
Travel, conference and investor relations		56,626	21,893
Filing fees		11,334	10,909
Gain on disposal of exploration and evaluation assets	6	(7,189)	-
Operating expenses		(1,130,474)	(1,108,741)
Other income (expense)			
Interest income		81,894	14,436
Change in fair value – listed shares		(31,250)	(41,250)
Finance costs – accretion expense		-	(312)
		50,644	(27,126)
Loss before income taxes		(1,079,830)	(1,135,867)
Deferred income taxes recovery		194,800	151,411
Net loss and comprehensive loss		(885,030)	(984,456)
Net loss per common share - basic and diluted		(0.02)	(0.02)
Weighted average number of common shares outstanding - basic and diluted		58,994,715	54,007,182

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

Harfang Exploration Inc.

Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding	Share Capital	Warrants	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$
Balance at February 1, 2022		32,260,242	15,985,750	607,130	1,059,887	(9,659,580)	7,993,187
Net loss and comprehensive loss		-	-	-	-	(984,456)	(984,456)
Issuances to investors of LaSalle Exploration Corp. as part of the acquisition							
• Common Shares		17,739,540	8,029,519	-	-	-	8,029,519
• Replacement stock options		-	-	-	105,707	-	105,707
• Replacement warrants		-	-	16,965	-	-	16,965
Issuance of shares under private placement		7,727,271	4,249,999	-	-	-	4,249,999
Share issuance costs		-	(180,449)	-	-	-	(180,449)
Stock-based compensation		-	-	-	235,800	-	235,800
Balance at April 30, 2022		57,727,053	28,084,819	624,095	1,401,394	(10,644,036)	19,466,272
Balance at February 1, 2023		58,063,313	28,155,697	15,997	2,009,492	(13,193,541)	16,987,645
Net loss and comprehensive loss		-	-	-	-	(885,030)	(885,030)
Issuance of shares under flow-through private placement	7	1,842,106	700,000	-	-	-	700,000
• Less: Liability related to the premium on flow-through shares		-	(313,158)	-	-	-	(313,158)
Share issuance costs	7	-	(4,863)	-	-	-	(4,863)
Balance at April 30, 2023		59,905,419	28,537,676	15,997	2,009,492	(14,078,571)	16,484,594

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

Harfang Exploration Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

		Three months ended April 30,	
	Note	2023	2022
		\$	\$
Operating activities			
Net loss for the period		(885,030)	(984,456)
Adjustments for:			
Stock-based compensation	9	-	235,800
Gain on disposal of exploration and evaluation assets	6	(7,189)	-
Change in fair value – listed shares		31,250	41,250
Deferred income taxes recovery		(194,800)	(151,411)
Finance costs – accretion expense		-	312
Changes in non-cash working capital items			
Sales tax receivable		(54,356)	(130,941)
Tax credits and government grant receivable		(206,522)	-
Prepaid expenses and others		(34,886)	(36,381)
Accounts payable and accrued liabilities		(15,748)	(693,864)
Cash flows used in operating activities		(1,367,281)	(1,719,691)
Investing activities			
Investment in exploration and evaluation assets		(52,615)	-
Proceeds from disposal of exploration and evaluation assets	6	5,000	-
Cash acquired through the acquisition of LaSalle		-	1,644,143
Transaction costs		-	(241,495)
Investments in listed shares		-	(750,000)
Cash flows from (used) in investing activities		(47,615)	652,648
Financing activities			
Private placement		-	4,249,999
Flow-through private placement	7	700,000	-
Share issuance costs	7	(8,800)	(180,449)
Cash flows from financing activities		691,200	4,069,550
Net change in cash		(723,696)	3,002,507
Cash – beginning		7,413,806	7,264,839
Cash – ending		6,690,110	10,267,346
Additional information			
Interest received		81,894	14,436
Shares received in exchange of exploration and evaluation assets	6	30,000	-
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	1,920
Transaction costs included in accounts payable and accrued liabilities		-	73,126

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

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

Harfang Exploration Inc. (the “Corporation” or “Harfang”) was incorporated on March 30, 2010 under the *Business Corporations Act* (British Columbia) and on June 22, 2017, in conjunction with a reverse takeover, continued under the *Business Corporations Act* (Québec). The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under symbol HAR. The Corporation’s head office is located at 1100, Avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada.

The Corporation, an exploration and evaluation stage company, is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the James Bay area in the Province of Québec for gold and lithium and in northeastern Ontario for gold.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration and evaluation expenses is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to continue the exploration, evaluation and development of its properties; and obtaining certain government approvals or proceeds from the disposal of properties. Changes in future conditions could require material impairment of the carrying value of the exploration and evaluation assets. Although the Corporation has taken steps to verify title to its mining properties on which it is currently conducting exploration and evaluation work, in accordance with industry standards for the current stage of exploration and evaluation of such property, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These unaudited condensed interim consolidated financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the three months ended April 30, 2023, the Corporation reported a net loss of \$885,030 and has accumulated a deficit of \$14,078,571 up to that date. As at April 30, 2023, the Corporation had working capital of \$7,195,134 (\$7,698,909 as at January 31, 2023). From this working capital, the Corporation has to dedicate a total amount of \$260,428 to Canadian mining properties exploration activities, pursuant to the terms of the flow-through financings completed on March 16, 2023 by the Corporation.

Management of the Corporation believes that it has sufficient funds to maintain the status of its current exploration obligations and keep its properties in good standing, to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. The Corporation’s ability to continue future operations beyond twelve months and fund its exploration and evaluation expenditures is dependent on management’s ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the last 12 months, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The Financial Statements were approved by the Corporation's Board of Directors on June 21, 2023.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended January 31, 2023 of the Corporation, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the Corporation' previous financial year ended January 31, 2023.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation's audited annual financial statements for the year ended January 31, 2023.

4. CASH

The balance on flow-through financing not spent according to the terms of the financings completed on March 16, 2023 by Harfang represents \$260,428, as at April 30, 2023, and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities by December 31, 2024.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

5. LISTED SHARES

	As at April 30, 2023			As at April 30, 2022		
	Market price per share	Number of shares	Fair value	Market price per share	Number of shares	Fair value
	\$		\$	\$		\$
QcX Gold Corp.	0.05	1,750,000	87,500	0.05	1,750,000	87,500
Monarch Mining Corporation	0.055	1,250,000	68,750	0.56	1,250,000	700,000
Goldseek Resources Inc.	0.05	600,000	30,000	-	-	-
			186,250			787,500

The listed shares are mainly common shares of Canadian publicly traded companies. The fair values of the listed shares are based on the quoted market prices of those shares on a recognized stock exchange at the end of each reporting period.

6. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2023	Net claims acquisitions / renewals	Disposal	As at April 30, 2023
	\$	\$	\$	\$
Lake Menarik	725,925	-	-	725,925
Menarik East	114,487	-	-	114,487
Serpent-Radisson	4,960,553	5,780	-	4,966,333
Lake Fagnant	8,537	-	-	8,537
Lake Aulneau	11,427	-	-	11,427
La Passe	35,164	9,520	-	44,684
Taïga	48,356	-	-	48,356
Blakelock	1,540,930	-	-	1,540,930
Egan	1,534,554	-	-	1,534,554
Selbaie ⁽¹⁾	27,811	-	(27,811)	-
Ewart	19,040	-	-	19,040
Lemare	15,972	-	-	15,972
Conviac	23,800	-	-	23,800
Sakami	34,680	-	-	34,680
Ross ⁽²⁾	-	14,485	-	14,485
	9,101,236	29,785	(27,811)	9,103,210

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Mineral properties acquisition costs	As at Feb. 1, 2022	Property acquisitions	Net claims acquisitions / renewals	As at April 30, 2022
	\$	\$	\$	\$
Lake Menarik	551,455	-	1,920	553,375
Menarik East	114,487	-	-	114,487
Serpent	181,831	-	-	181,831
Lake Fagnant	8,537	-	-	8,537
Lake Aulneau	25,158	-	-	25,158
Lake Tapiatic	22,046	-	-	22,046
Bonfait	29,876	-	-	29,876
La Passe	12,320	-	-	12,320
Taïga	48,356	-	-	48,356
Pontax	19,109	-	-	19,109
Generation	25,667	-	-	25,667
Radisson, Blackelock, Egan, Selbaie	-	7,763,182	-	7,763,182
	1,038,842	7,763,182	1,920	8,803,944

(1) On February 6, 2023, the Corporation signed an agreement for the sale of 100% of its right, title and interest in the Selbaie Project to Goldseek Resources Inc. ("Goldseek"). In accordance with the terms of the agreement, Goldseek paid to Harfang \$5,000 in cash, issued on February 13, 2023 to the Corporation an aggregate of 600,000 common shares valued at \$30,000 as per the Canadian Securities Exchange price on this day and granted in favour of the Corporation a 2% NSR royalty, half of which may be bought-back at any time for \$1,000,000, in respect of the Selbaie Project.

(2) The Corporation staked mining claims by map designation (100% owned by the Corporation) within the Ross property. The property is located in the James Bay area, along the northern side of the Lac des Montagnes.

7. SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of common voting shares without par value.

a) Private placement (March 2023)

On March 16, 2023, the Corporation closed a non-brokered private placement consisting of 1,842,106 flow-through common shares at a price of \$0.38 per flow-through common share for a gross proceed of \$700,000.

Regarding this flow-through private placement of \$700,000, the Corporation's share market value at closing was \$0.21, therefore the residual value attributed to the benefit related to flow-through shares renunciation was \$0.17 for a total value of \$313,158 credited to the liability related to the premium on flow-through shares.

Share issue expenses totaled \$8,800 of which \$4,863 was allocated to capital stock and \$3,937 to flow-through premium.

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

8. WARRANTS

Changes in the Corporation's warrants are as follows:

	Three months ended April 30, 2023			Fiscal 2023		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$		\$	\$
Balance, beginning	946,726	15,997	1.32	3,977,404	607,130	1.04
Issued – replacement	-	-	-	2,832,253	16,965	1.00
Expired	-	-	-	(5,862,931)	(608,098)	0.97
Balance, end	946,726	15,997	1.32	946,726	15,997	1.32

Warrants outstanding and exercisable as at April 30, 2023 are as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
	\$	
734,265	1.32	July 28, 2023
212,461	1.32	August 18, 2023
946,726		

9. STOCK OPTIONS

A summary of changes in stock options are as follows:

	Three months ended April 30, 2023		Fiscal 2023	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	2,549,880	0.64	1,070,575	0.67
Granted – replacement	-	-	942,760	0.66
Granted	-	-	600,000	0.55
Expired	(661,815)	0.71	(63,455)	0.55
Balance, end	1,888,065	0.61	2,549,880	0.64

Harfang Exploration Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended April 30, 2023

(Unaudited, in Canadian Dollars)

9. STOCK OPTIONS (CONT'D)

Stock options outstanding and exercisable as at April 30, 2023 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
362,600	0.55	December 20, 2024
54,390	0.83	September 10, 2026
185,581	0.54	June 22, 2027
55,674	0.54	March 15, 2028
113,670	0.54	July 18, 2028
81,192	0.58	May 27, 2029
121,789	0.54	May 22, 2030
285,332	0.92	February 19, 2031
27,837	0.69	September 28, 2031
600,000	0.55	April 20, 2032
1,888,065		

10. EXPLORATION AND EVALUATION EXPENSES

	Three months ended April 30,	
	2023	2022
	\$	\$
Salaries and benefits	106,698	117,601
Geology	63,800	39,779
Analysis	118,734	104,632
Transportation	7,916	2,825
Geophysics	110,582	-
Drilling	678,985	416,913
Lodging and food	3,490	1,588
Supplies and equipment	1,517	1,005
Exploration and evaluation expenditures before tax credits	1,091,722	684,343
Tax credits	(278,726)	-
Exploration and evaluation expenditures	812,996	684,343

11. SUBSEQUENT EVENTS

Private placement (May 2023)

On May 2, 2023, the Corporation closed a non-brokered private placement consisting of 953,437 flow-through common shares at a price of \$0.32 per flow-through common share for gross proceeds of \$305,100. Share issue expenses, including the finder's fees of \$5,060, totaled \$16,735. Certain directors of the Corporation purchased an aggregate of 182,500 flow-through shares for \$58,400. The directors of the Corporation subscribed to the private placement under the same terms and conditions as set forth for all subscribers.