



Harfang Exploration Inc.

Unaudited Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

For the three months ended April 30, 2024

*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, 2024 \$	As at January 31, 2024 \$
Assets			
Current assets			
Cash	4	5,967,311	6,427,920
Sales tax receivable		43,889	38,783
Tax credits receivables		498,832	498,832
Prepaid expenses and others		75,860	103,646
Current assets		6,585,892	7,069,181
Non-current assets			
Listed shares	5	176,000	167,000
Exploration and evaluation assets	6	9,277,623	9,185,775
Capital assets		159,512	169,481
Non-current assets		9,613,135	9,522,256
Total assets		16,199,027	16,591,437
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		105,316	119,070
Liability related to the premium on flow-through shares		438,972	468,172
Lease liabilities – current portion		24,875	23,978
Current liabilities		569,163	611,220
Non-current liabilities			
Lease liabilities		106,342	110,422
Non-current liabilities		106,342	110,422
Total Liabilities		675,505	721,642
Equity			
Share capital		29,243,688	29,179,394
Contributed surplus		2,211,389	2,077,489
Deficit		(15,931,555)	(15,387,088)
Total equity		15,523,522	15,869,795
Total liabilities and equity		16,199,027	16,591,437

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

Harfang Exploration Inc.

Statements of Loss and Comprehensive Loss

(Unaudited, in Canadian Dollars)

		Three months ended April 30	
	Note	2024	2023
		\$	\$
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	8	84,768	812,996
Salaries and benefits		36,932	52,340
Stock-based compensation	7	133,900	-
Director's fees		17,875	20,875
Consulting and professional fees		215,101	158,556
Office and administrative		44,045	24,936
Travel, conference and investor relations		100,114	56,626
Filing fees		15,821	11,334
Depreciation		9,969	-
Gain on disposal of exploration and evaluation assets		-	(7,189)
Operating expenses		(658,525)	(1,130,474)
Other income (expense)			
Interest income		79,165	81,894
Change in fair value – listed shares		9,000	(31,250)
Finance costs – financing fees lease		(3,307)	-
		84,858	50,644
Loss before income taxes		(573,667)	(1,079,830)
Deferred income taxes recovery		29,200	194,800
Net loss and comprehensive loss		(544,467)	(885,030)
Net loss per common share - basic and diluted		(0.01)	(0.02)
Weighted average number of common shares outstanding - basic and diluted		64,625,603	58,994,715

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Harfang Exploration Inc.

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, 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		1,842,106	700,000	-	-	-	700,000
• Less: Liability related to the premium on flow-through shares		-	(313,158)	-	-	-	(313,158)
Share issuance costs		-	(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
Balance at February 1, 2024		64,166,000	29,179,394	-	2,077,489	(15,387,088)	15,869,795
Net loss and comprehensive loss		-	-	-	-	(544,467)	(544,467)
Exploration and evaluation assets paid in shares	6	510,670	64,294	-	-	-	64,294
Stock-based compensation	7	-	-	-	133,900	-	133,900
Balance at April 30, 2024		64,676,670	29,243,688	-	2,211,389	(15,931,555)	15,523,522

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

Harfang Exploration Inc.

Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Note	Three months ended April 30,	
		2024	2023
		\$	\$
Operating activities			
Net loss for the period		(544,467)	(885,030)
Adjustments for:			
Stock-based compensation	7	133,900	-
Depreciation		9,969	-
Gain on disposal of exploration and evaluation assets		-	(7,189)
Change in fair value – listed shares		(9,000)	31,250
Deferred income taxes recovery		(29,200)	(194,800)
Changes in non-cash working capital items			
Sales tax receivable		(5,106)	(54,356)
Tax credits receivable		-	(206,522)
Prepaid expenses and others		27,786	(34,886)
Accounts payable and accrued liabilities		(13,754)	(15,748)
Cash flows used in operating activities		(429,872)	(1,367,281)
Investing activities			
Investment in exploration and evaluation assets	6	(27,554)	(52,615)
Proceeds from disposal of exploration and evaluation assets		-	5,000
Cash flows from (used) in investing activities		(27,554)	(47,615)
Financing activities			
Flow-through private placement		-	700,000
Share issuance costs		-	(8,800)
Principal repayment – lease liabilities		(3,183)	-
Cash flows from financing activities		(3,183)	691,200
Net change in cash		(460,609)	(723,696)
Cash – beginning		6,427,920	7,413,806
Cash – ending		5,967,311	6,690,110
Additional information			
Interest received		79,165	81,894
Shares received in exchange of exploration and evaluation assets		-	30,000

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

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2024

(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. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These unaudited condensed interim financial statements (the “Financial Statements”) have been prepared in accordance with the *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* (“IASB”) (“IFRS Accounting Standards”) 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 19, 2024.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended January 31, 2024 of the Corporation, which have been prepared in accordance with IFRS Accounting Standards. 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, 2024.

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2024

(Unaudited, in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS Accounting Standards 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.

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, 2024.

4. CASH

The balance on flow-through financing not spent according to the terms of the financings completed on December 22, 2023 by Harfang represents \$839,168, as at April 30, 2024, and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities by December 31, 2024.

5. LISTED SHARES

	As at April 30, 2024			As at April 30, 2023		
	Market price per share	Number of shares	Fair value	Market price per share	Number of shares	Fair value
	\$		\$	\$		\$
QcX Gold Corp.	0.02	1,750,000	35,000	0.05	1,750,000	87,500
Monarch Mining Corporation	0.00	1,250,000	-	0.055	1,250,000	68,750
Abitibi Metals Corp.	0.47	300,000	141,000	0.05	600,000	30,000
			176,000			186,250

The listed shares are only 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.

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2024

(Unaudited, in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	As at Feb. 1, 2024	Property acquisitions	Option payments	As at April 30, 2024
	\$	\$	\$	\$
Lake Menarik	738,165	-	-	738,165
Menarik East	114,487	-	-	114,487
Serpent-Radisson	4,968,033	-	-	4,968,033
La Passe	44,684	-	-	44,684
Taïga	48,356	-	-	48,356
Blakelock	1,540,930	-	-	1,540,930
Egan ⁽¹⁾	1,619,554	64,294	27,554	1,711,402
Ewart	19,040	-	-	19,040
Lemare	19,561	-	-	19,561
Conviac	23,800	-	-	23,800
Sakami	34,680	-	-	34,680
Ross	14,485	-	-	14,485
	9,185,775	64,294	27,554	9,277,623

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	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	-	14,485	-	14,485
	9,101,236	29,785	(27,811)	9,103,210

(1) Following an amendment to the option agreement in Fiscal 2024, the Corporation earned 100% of the interest in Egan in February 2024 by paying the last \$27,554 cash and issuing 510,670 shares of Harfang valued at \$64,294 as per the exchange price on February 2, 2024. The vendors retain a 2% NSR of which the Corporation retains the option to buy back one-half (1%) of the NSR at any time for \$1,500,000 and a right of first refusal over the remaining NSR.

Harfang Exploration Inc.

Notes to the Condensed Interim Financial Statements

Three months ended April 30, 2024

(Unaudited, in Canadian Dollars)

7. STOCK OPTIONS

On March 20, 2024, the Corporation granted to its directors, officers, employees and consultants 1,300,000 options exercisable at an exercise price of \$0.15, valid for 10 years. The options vested 100% at the grant date. Those options were granted at an exercise price over the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$133,900 for an estimated fair value of \$0.103 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 92% expected volatility, 3.5% risk-free interest rate and 10 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable situations for companies that are similar to the Corporation.

A summary of changes in stock options are as follows:

	Three months ended April 30, 2024	
	Number of options	Weighted Average Exercise Price
Balance, beginning	2,288,065	\$ 0.53
Granted	1,300,000	0.15
Expired	(18,558)	0.77
Balance, end	3,569,507	0.39

Stock options outstanding and exercisable as at April 30, 2024 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
114,830	0.54	May 22, 2030
273,733	0.92	February 19, 2031
27,837	0.69	September 28, 2031
600,000	0.55	April 20, 2032
400,000	0.15	December 11, 2033
1,300,000	0.15	March 20, 2034
3,569,507		

Harfang Exploration Inc.

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(Unaudited, in Canadian Dollars)

8. EXPLORATION AND EVALUATION EXPENSES

	Three months ended	
	April 30,	
	2024	2023
	\$	\$
Salaries and benefits	67,263	106,698
Geology	16,962	63,800
Analysis	-	118,734
Transportation	-	7,916
Geophysics	-	110,582
Drilling	-	678,985
Lodging and food	-	3,490
Supplies and equipment	543	1,517
Exploration and evaluation expenditures before tax credits	84,768	1,091,722
Tax credits	-	(278,726)
Exploration and evaluation expenditures	84,768	812,996