HARFANG EXPLORATION INC.

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended January 31, 2025 and 2024

Independent auditor's report

To the Shareholders of Harfang Exploration Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Harfang Exploration Inc. and its subsidiary (together, the Corporation) as at January 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at January 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 January 31, 2025. 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.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets *Refer to note 5 – Critical accounting estimates and judgments and note 9 – Exploration and evaluation assets to the consolidated financial statements.* The net book value of exploration and evaluation assets amounted to $11.6 million as at January 31, 2025. Asset groups are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; and exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area. During the year, the Corporation impaired certain mineral properties for the claims that were dropped or were expected to be dropped. We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets and (ii) the judgments made by management in their assessment of indicators of impairment related to exploration and evaluation assets which resulted in a high degree of	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of indicators of impairment related to exploration and evaluation assets, which included the following: – Obtained for all claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claims' expiration dates. – Read minutes of Board of Directors meetings and obtained budget to evidence continued and planned substantive exploration and evaluation expenditures, discontinuance of exploration and evaluation activities in specific areas, and non-renewal of rights to explore, which included evaluating results of current year work programs. – Assessed whether exploration for and evaluation of mineral resources in specific areas will not lead to commercially viable quantities of mineral resources based on evidence obtained in other areas of the audit.

subjectivity in performing procedures related to these judgments applied by management.

Other information

Management is responsible for the other information. The other information comprises the 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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 Maxime Guilbault.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
May 21, 2025

[1] CPA auditor, public accountancy permit No. A128042

HARFANG EXPLORATION INC.
Consolidated Statements of Financial Position
As at January 31, 2025 and 2024
(In Canadian Dollars)

	Note	As at January 31, 2025	As at January 31, 2024
		$	$
Assets			
Current assets			
Cash	7	3,916,888	6,427,920
Sales tax receivable		63,929	38,783
Tax credits receivables	14	81,989	498,832
Prepaid expenses and others		25,851	103,646
Current assets		4,088,657	7,069,181
Non-current assets			
Listed shares	8	66,750	167,000
Exploration and evaluation assets	9	11,578,788	9,185,775
Capital assets	10	129,604	169,481
Non-current assets		11,775,142	9,522,256
Total assets		**15,863,799**	**16,591,437**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		135,564	119,070
Liability related to the premium on flow-through shares	11	94,353	468,172
Lease liabilities – current portion	12	27,730	23,978
Current liabilities		257,647	611,220
Non-current liabilities			
Lease liabilities	12	82,691	110,422
Total liabilities		**340,338**	**721,642**
Equity			
Share capital	13	30,834,038	29,179,394
Contributed surplus		2,211,839	2,077,489
Deficit		(17,522,416)	(15,387,088)
Total equity		**15,523,461**	**15,869,795**
Total liabilities and equity		**15,863,799**	**16,591,437**

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

Approved on behalf of the Board:

(s) Richard S Breger
Richard S Breger
President and CEO

(s) Jean-Pierre Janson
Jean-Pierre Janson
Director

HARFANG EXPLORATION INC.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2025 and 2024
(In Canadian Dollars)

	Note	Fiscal 2025	Fiscal 2024
		$	$
Operating Expenses			
Exploration and evaluation expenditures, net of tax credits	14	1,134,669	1,706,034
Salaries and benefits	15	176,553	182,449
Stock-based compensation	15	133,900	52,000
Director's fees	15	63,500	77,500
Consulting and professional fees		761,520	517,227
Office and administrative		111,695	87,164
Travel, conference and investor relations		318,999	272,995
Filing fees		45,958	36,648
Depreciation	10	39,877	29,908
Gain on disposal of exploration and evaluation assets	9	(2,500)	(7,189)
Residual gain on option payment on exploration and evaluation assets	9	(25,000)	(25,000)
Impairment of exploration and evaluation assets	9	32,340	19,964
Operating expenses		(2,791,511)	(2,949,700)
Other income (expense)			
Interest income		243,302	323,776
Change in fair value – listed shares	8	(46,726)	45,535
Finance costs – financing fees lease	12	(12,465)	(9,576)
		184,111	359,735
Loss before income taxes		(2,607,400)	(2,589,965)
Deferred income taxes recovery	11	472,072	396,418
Net loss and comprehensive loss		**(2,135,328)**	**(2,193,547)**
Net loss per common share - basic and diluted	17	(0.03)	(0.04)
Weighted average number of common shares outstanding - basic and diluted	17	69,097,242	60,761,515

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

HARFANG EXPLORATION INC.
Consolidated Statements of Changes in Equity
For the years ended January 31, 2025 and 2024
(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		-	-	-	-	(2,193,547)	(2,193,547)
Issuance of shares under flow-through private placements	13	6,102,687	1,945,600	-	-	-	1,945,600
• Less: Liability related to the premium on flow-through shares	13	-	(888,236)	-	-	-	(888,236)
Share issuance costs	13	-	(33,667)	-	-	-	(33,667)
Warrants expired		-	-	(15,997)	15,997	-	-
Stock-based compensation	15	-	-	-	52,000	-	52,000
Balance at January 31, 2024		**64,166,000**	**29,179,394**	**-**	**2,077,489**	**(15,387,088)**	**15,869,795**
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		-	-	-	-	(2,135,328)	(2,135,328)
Issuances to investors of NewOrigin Gold Corp. as part of the acquisition							
• Common Shares	6	16,169,120	1,131,838	-	-	-	1,131,838
• Replacement stock options	6	-	-	-	450	-	450
Issuance of shares under flow-through private placements	13	7,090,000	602,650	-	-	-	602,650
• Less: Liability related to the premium on flow-through shares	13	-	(106,350)	-	-	-	(106,350)
Share issuance costs	13	-	(37,788)	-	-	-	(37,788)
Exploration and evaluation assets paid in shares	9	510,670	64,294	-	-	-	64,294
Stock-based compensation	15	-	-	-	133,900	-	133,900
Balance at January 31, 2025		**87,935,790**	**30,834,038**	**-**	**2,211,839**	**(17,522,416)**	**15,523,461**

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

HARFANG EXPLORATION INC.
Consolidated Statements of Cash Flows
For the years ended January 31, 2025 and 2024
(In Canadian Dollars)

	Note	Fiscal 2025	Fiscal 2024
		$	$
Operating activities			
Net loss		(2,135,328)	(2,193,547)
Adjustments for:			
Residual gain on option payment on exploration and evaluation assets	9	(25,000)	(25,000)
Stock-based compensation	15	133,900	52,000
Depreciation	10	39,877	29,908
Gain on disposal of exploration and evaluation assets	9	(2,500)	(7,189)
Impairment of exploration and evaluation assets	9	32,340	19,964
Change in fair value – listed shares	8	46,726	(45,535)
Deferred income taxes recovery	11	(472,072)	(396,418)
Finance costs – financing fees lease		12,465	9,576
Changes in non-cash working capital items			
Sales tax receivable		(9,482)	123,209
Tax credits receivable		416,843	(198,180)
Prepaid expenses and others		77,795	(82,500)
Accounts payable and accrued liabilities		(144,786)	(56,787)
Cash flows used in operating activities		**(2,029,222)**	**(2,770,499)**
Investing activities			
Investment in exploration and evaluation assets	9	(163,598)	(155,144)
Proceeds from disposal of exploration and evaluation assets	9	2,500	5,000
Option payment receipt on exploration and evaluation assets	9	25,000	25,000
Acquisition of capital assets	10	-	(35,873)
Investments in NewOrigin prior to the Transaction	6	(423,266)	-
Cash acquired through the acquisition of NewOrigin	6	3,306	-
Transaction costs	6	(499,597)	-
Proceeds from disposal of listed shares	8	53,524	96,035
Cash flows used in investing activities		**(1,002,131)**	**(64,982)**
Financing activities			
Flow-through private placements	13	602,650	1,945,600
Share issuance costs	13	(45,885)	(57,313)
Lease payment	12	(36,444)	(38,692)
Cash flows from financing activities		**520,321**	**1,849,595**
Net change in cash		(2,511,032)	(985,886)
Cash – beginning		6,427,920	7,413,806
Cash – ending		**3,916,888**	**6,427,920**
Additional information			
Interest received		237,309	323,776
Transaction costs included in accounts payable and accrued liabilities	6	27,125	-
Shares received in exchange of exploration and evaluation assets	9	-	30,000

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

1. NATURE OF OPERATIONS

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 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 northern 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 exploration and evaluation assets 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.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards"). These Financial Statements were approved and authorized for issue by the Board of Directors on May 21, 2025.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these Financial Statements are as follows.

3.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

3.2 Consolidation

The Financial Statements include the accounts of Harfang and those of its wholly-owned subsidiary NewOrigin Gold Corp. ("NewOrigin") since the effective date of acquisition on November 7, 2024. Harfang has completed a vertical amalgamation with NewOrigin, effective February 1, 2025, with the name of the amalgamated company to remain "Harfang Exploration Inc.". All intra-group transactions, balances, income and expenses are eliminated during consolidation. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

3.3 Functional and presentation currency

The Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

3.4 Financial instruments

The measurement of financial assets and liabilities is based on three possible classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the Corporation's business model for holding the instrument and its contractual cash flow characteristics. Equity instruments are classified as financial instruments carried at fair value, with changes in fair value recorded in the consolidated statement of loss and comprehensive loss unless such financial instruments are not held for trading, in which case, the financial instrument may be irrevocably designated as fair value through other comprehensive income on initial recognition without subsequent reclassification to net income or loss of realized gains and losses on sale.

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques such as the Black-Scholes option pricing model or other valuation techniques.

Measurement in subsequent periods depends on the classification of the financial instrument. At initial recognition, the Corporation has classified its financial instruments in the three categories as follows:

Category	Financial instrument
Financial assets at fair value through profit and loss	Listed shares
Financial assets at amortized cost	Cash
Financial liabilities at amortized cost	Accounts payable and accrued liabilities

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Listed shares at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the consolidated statement of loss and comprehensive loss. Dividend income on those investments are recognized in consolidated the statement of loss and comprehensive loss.

3.5 Refundable tax credits for mining exploration and evaluation expenditures

The Corporation is entitled to refundable tax credits on qualified mining exploration and evaluation expenditures incurred in the province of Québec. The credits are accounted for against the exploration and evaluation expenditures as incurred. As management intends to realize the carrying value of its assets through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

3.6 Exploration and evaluation assets and expenditures

Expenditures incurred on activities that precede exploration and evaluation activities, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed as incurred on the consolidated statement of loss and comprehensive loss.

Rights in mining properties and costs associated with acquiring an exploration and evaluation asset, paid or acquired through a business combination or an acquisition of assets, are capitalized. They are subsequently measured at cost less accumulated impairment. Exploration and evaluation assets acquired in a business combination are initially recognized at fair value.

Exploration expenditures include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies.

Evaluation expenditures include the cost of establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body, determining the optimal methods of extraction and metallurgical and treatment processes, studies related to surveying, transportation and infrastructure requirements, permitting activities and economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and feasibility studies.

In addition, exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

Exploration and evaluation expenditures are expensed as incurred on the consolidated statement of loss and comprehensive loss until a prefeasibility or a feasibility study has been completed and development is sanctioned. Capitalized exploration and evaluation expenditures are transferred to property, plant and equipment upon a decision to develop the property and will be subject to depreciation only when the properties are put into commercial production.

Cash flows attributable to capitalized exploration and evaluation assets are classified as investing activities in the consolidated statement of cash flows under investments in exploration and evaluation assets.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Since options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded.

Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied in reduction of the acquisition costs of the related mining rights and any residual is recorded in the consolidated statement of loss and comprehensive loss unless there is contractual work required by the Corporation in which case the residual gain is deferred and will be applied against the contractual disbursements when done.

3.7 Capital assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the capital assets less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Leasehold improvements	Lease term
Right-of-use assets	Lease term

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

3.8 Leases

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

Leases of "low-value" assets and short-term leases (12 months or less) are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss.

3.9 Impairment of non-financial assets

The carrying value of non-financial assets is reviewed regularly and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment losses at each reporting date for potential reversals when events or circumstances warrant such consideration.

3.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax charge is the expected tax payable on the taxable income for the year, using the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the jurisdictions where the Corporation operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates (and laws) that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.11 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

Flow-through shares

The Corporation finances some exploration and evaluation expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the consolidated statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

3.12 Equity-settled share-based compensation

The Corporation offers an equity settled share-based compensation plan for its eligible directors, officers, employees and consultants. Each award is considered a separate award with its own vesting periods and fair value. Fair value is measured at the date of grant using the Black-Scholes option pricing model.

Any consideration paid on exercise of share options is credited to share capital. None of the Corporation's plans feature any options for a cash settlement. The accumulated expenses resulting from stock options are transferred to share capital when the options are exercised.

All equity settled share-based compensation are ultimately recognized as an expense in the consolidated statement of loss and comprehensive loss with a corresponding credit to stock options in the consolidated statement of changes in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or warrants expected to vest. Non-market vesting conditions are included in assumptions about the instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

3.13 Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of common shares outstanding for each period. The basic EPS is calculated by dividing the profit or loss attributable to the equity owners of the Corporation by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income per share. It also includes shares issued and held in escrow. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Corporation reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

3.14 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the President who fulfills the role of the chief operating decision-maker. The President is responsible for allocating resources and assessing performance of the Corporation's operating segments. The Corporation manages its business under a single operating segment, consisting of acquiring and exploring mineral properties in Canada.

4. CHANGES IN ACCOUNTING POLICIES

4.1 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but are not yet effective for the current reporting period. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued IFRS 18 to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The new Accounting Standard introduces significant changes to the structure of income statements and introduces new principles for aggregation and disaggregation of information. The impact of adoption of the amendments has not yet been determined by the Corporation.

(iii) Amendments to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instrument Disclosures ("IFRS 7")

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The amendments to IFRS 9 and IFRS 7 are effective for annual reporting beginning on or after January 1, 2026, with earlier application permitted. The impact of adoption of the amendments has not yet been determined by the Corporation.

5. 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.

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.

The more significant areas requiring the use of management estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relate to the impairment of assets and the income taxes.

5.1 Impairment of non-financial assets

Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecast commodity prices.

Assessment of impairment of non-financial assets requires the use of judgements when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test on the Corporation's non-financial assets.

During the year, the Corporation impaired certain mineral properties for the claims that were dropped or were expected to be dropped.

5.2 Income taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

The Corporation is also subject to usual tax audits. Where the final tax outcome of tax audits is different from the amounts that were initially recorded, such differences could impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6. ARRANGEMENT AGREEMENT WITH NEWORIGIN AND RELATED TRANSACTIONS

On August 8, 2024, Harfang and NewOrigin entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Harfang agreed, subject to certain conditions, to acquire all of the issued and outstanding common shares of NewOrigin (the "NewOrigin Shares") that it did not already own or could acquire, pursuant a court-approved plan of arrangement made under the provisions of the *Business Corporations Act* (Ontario) (the "Transaction").

On August 20, 2024, NewOrigin issued to Harfang a convertible debenture pursuant to which Harfang loaned a principal amount of $250,000 to NewOrigin. The maturity date of the Debenture was the earlier of the closing of the Transaction and January 31, 2025.

On November 7, 2024, the Transaction closed and Harfang acquired all of the issued and outstanding NewOrigin Shares. The former NewOrigin shareholders received 0.25694426 (the "Exchange Ratio") of a common share of Harfang ("Harfang Share") in exchange for each NewOrigin Share. As a result, Harfang issued an aggregate of 16,169,120 Harfang Shares and NewOrigin became a wholly-owned subsidiary of Harfang. Upon closing of the Transaction, the former NewOrigin shareholders owned approximately 20% of the issued and outstanding Harfang Shares.

As per the terms of the Arrangement Agreement, outstanding warrants and stock options of NewOrigin were automatically exchanged for warrants and stock options of Harfang based on the Exchange Ratio.

The Transaction was recorded as an acquisition of assets since the acquired assets and assumed liabilities did not constitute businesses under IFRS 3, *Business Combinations*. Accordingly, the acquisition of NewOrigin has been accounted for in accordance with IFRS 2, *Share-based Payment*.

(In Canadian Dollars)

The acquisition of NewOrigin has been accounted for as follows:

	$
Consideration paid[1]	
16,169,120 common shares of Harfang issued to NewOrigin's existing shareholders[2]	1,131,838
563,987 replacement options for common shares of Harfang issued to NewOrigin's existing option holders[3]	450
1,336,107 replacement warrants for common shares of Harfang issued to NewOrigin's existing warrant holders[4]	-
Contribution to a NewOrigin convertible debenture including interest prior to the Transaction	256,095
Advances to NewOrigin in the form of exploration expenses and other fees prior to the Transaction	167,171
Transaction costs paid in cash	526,722
	2,082,276

Net assets acquired:	
Cash	3,306
Sales tax receivable	15,664
Exploration and evaluation assets	2,197,461
Accounts payable and accrued liabilities	(134,155)
	2,082,276

(1) The consideration paid for the acquisition of NewOrigin reflects the shares issued by Harfang on the basis of 0.25694426 Harfang Shares for each share, option and warrant of NewOrigin outstanding at November 7, 2024.

(2) Based on the 62,928,698 NewOrigin common shares outstanding as at November 7, 2024. The price of Harfang shares was based on the closing market value of the shares the day of the special meeting of NewOrigin shareholders held on October 23, 2024.

(3) Based on the 2,195,000 NewOrigin share options outstanding as at November 7, 2024. The fair value of the replacement share options was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: risk-free interest rate of 3.18%, average expected volatility of 65%, dividend yield of 0%, average expected life of common share options of 1.30 years and fair value of the Corporation's share of $0.07.

(4) Based on the 5,200,000 NewOrigin share warrants outstanding as at November 7, 2024. The fair value of the replacement share warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.53%, expected volatility of 90%, dividend yield of 0%, expected life of common share warrants of 0.15 year and fair value of the Corporation's share of $0.07.

7. CASH

The balance on flow-through financing not spent according to the terms of the financings completed on December 27, 2024 by the Corporation represents $576,150 as at January 31, 2025, and is included in cash. The Corporation has to dedicate these funds to Canadian mining properties exploration activities by December 31, 2025.

(In Canadian Dollars)

8. LISTED SHARES

	Fiscal 2025			Fiscal 2024		
	Market price per share	**Number of shares**	**Fair value**	**Market price per share**	**Number of shares**	**Fair value**
	$		$	$		$
QcX Gold Corp.	0.015	1,750,000	26,250	0.02	1,750,000	35,000
Monarch Mining Corporation	0.00	1,250,000	-	0.00	1,250,000	-
Abitibi Metals Corp. (note 9)	0.27	150,000	40,500	0.44	300,000	132,000
			66,750			**167,000**

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 (Level 1). The Corporation sold 150,000 shares (300,000 shares in Fiscal 2024) of Abitibi Metals Corp. in September 2024 at a price of $0.357 ($0.32 in Fiscal 2024) per share for a total value of $53,524 ($96,035 in Fiscal 2024).

9. EXPLORATION AND EVALUATION ASSETS

Mineral properties acquisition costs	**As at Feb. 1, 2024**	**Property acquisitions**	**Net claims acquisitions / renewals**	**Option payments**	**Impairment**	**As at January 31, 2025**
	$	$	$	$	$	$
Lake Menarik[1]	852,652	-	19,336	-	-	871,988
Serpent[2]	4,968,033	-	98,092	-	-	5,066,125
Sky Lake[3] (note 6)	-	1,207,096	-	-	-	1,207,096
Blakelock[4] (note 6)	1,540,930	860,266	-	-	-	2,401,196
Egan[5]	1,619,554	64,294	-	27,554	-	1,711,402
South Abitibi[6] (note 6)	-	130,099	-	-	-	130,099
La Passe[7]	44,684	-	-	-	-	44,684
Taïga[7]	48,356	-	18,616	-	(32,340)[9]	34,632
Ewart[7]	19,040	-	-	-	-	19,040
Lemare[7]	19,561	-	-	-	-	19,561
Conviac[7]	23,800	-	-	-	-	23,800
Sakami[7]	34,680	-	-	-	-	34,680
Ross[7]	14,485	-	-	-	-	14,485
	9,185,775	**2,261,755**	**136,044**	**27,554**	**(32,340)**	**11,578,788**

Mineral properties acquisition costs	**As at Feb. 1, 2023**	**Net claims acquisitions / renewals**	**Option payments**	**Disposal**	**Impairment**	**As at January 31, 2024**
	$	$	$	$	$	$
Lake Menarik	840,412	12,240	-	-	-	852,652
Serpent	4,960,553	7,480		-	-	4,968,033
Blakelock	1,540,930	-	-	-	-	1,540,930
Egan	1,534,554	-	85,000	-	-	1,619,554
Lake Fagnant	8,537	-	-	-	(8,537)[10]	-
Lake Aulneau[8]	11,427	-	-	-	(11,427)[10]	-
La Passe	35,164	9,520	-	-	-	44,684
Taïga	48,356	-	-	-	-	48,356
Selbaie	27,811	-	-	(27,811)	-	-
Ewart	19,040	-	-	-	-	19,040
Lemare	15,972	3,589	-	-	-	19,561
Conviac	23,800	-	-	-	-	23,800
Sakami	34,680	-	-	-	-	34,680
Ross	-	14,485	-	-	-	14,485
	9,101,236	**47,314**	**85,000**	**(27,811)**	**(19,964)**	**9,185,775**

In Fiscal 2025, the Corporation made some name changes to property names. Lake Menarik and Menarik East Properties are now under the umbrella name of the Lake Menarik Property and split up into the Menarik West and Menarik East Zones. The Serpent-Radisson Property was renamed the Serpent Property. The combination of Harfang's Blakelock Property and NewOrigin's North Abitibi Property are now called the Blakelock Property.

(1) The Menarik West Zone is 100% owned by the Corporation and part of the property is subject to a 2% net smelter return ("NSR"), a 2% Gross Overriding Royalty on diamonds and a 2% NSR Royalty on other products, with half of the Royalty being redeemable by Harfang for $1,000,000.

The Menarik East Zone is 100% owned by the Corporation.

(2) The Serpent Property is 100% owned by the Corporation and part of the property is subject to NSR agreements which include i) a 2% NSR royalty payable and which at any time, the Corporation has retained the right to purchase one-half of the NSR (1%) for $1,000,000, and, ii) an additional NSR equal to 2% on all minerals mined, produced or otherwise recovered from the properties. The Corporation has the right to purchase one-half of the NSR (1%) for $1,000,000.

(3) The Sky Lake Property is 100% owned by the Corporation and is located in the Patricia Mining Division of northwestern Ontario. Certain claims are subject to various NSR obligations i) 28 claims are subject to a 2.25% NSR which include a 0.75% buy-back option for $750,000, ii) 71 claims are subject to a 2.0% NSR of which 1.0% can be bought back for $750,000, and, iii) certain additional claims are subject to a 0.5% NSR and also include a back-in right on these claims which, upon the completion of a Feasibility Study by Harfang, the holder can acquire a 51% interest by paying Harfang three times (3x) the total exploration expenditures.

(4) The Blakelock Property is located in the Larder Lake mining district, in northeastern Ontario. The Blacklock property is 100% owned by the Corporation subject to a 2% NSR on all minerals mined, produced or recovered from the Blakelock property. The Corporation has a buyout option to purchase one-half (1%) of the NSR for $1,000,000 at any time. The North Abitibi Property absorbed into the Blakelock Property is subject to a 3% NSR which include a 1.0% buy-back option for $1,000,000.

(5) 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.

(6) The South Abitibi Property is located in the Temagami-Cobalt region of Ontario. A small claim block of the property is subject to an NSR royalty of 1.5% and another small claim block is subject to a 1% NSR royalty and a 5% gross profit royalty. The Corporation has the option to buy back a portion of these royalties.

(7) The property is 100% owned by the Corporation and is located in the James Bay area.

(8) On October 11, 2024, the Corporation signed an agreement for the sale of 100% of its right, title and interest in the Lake Aulneau Property to Ressources SRQ Inc. ("SRQ"). In accordance with the terms of the agreement, SRQ paid to Harfang $2,500 in cash.

(9) The Corporation impaired partially the property in Fiscal 2025 for the claims that were dropped or expected to be dropped.

(10) The Corporation wrote off these properties in Fiscal 2024 since all the claims were or will be dropped.

In accordance with the option agreement regarding the Pontax Property signed with Li-FT Power Ltd. on July 2022, Harfang received the sum of $25,000 on July 15, 2024 for the second anniversary of the agreement.

(In Canadian Dollars)

10. CAPITAL ASSETS

	Leasehold improve-ments	Right-of-use assets (note 12)	Total
	$	$	$
Fiscal 2025			
Opening net book value	30,492	138,989	169,481
Depreciation	(7,174)	(32,703)	(39,877)
Closing net book value	23,318	106,286	129,604
As at January 31, 2025			
Cost	**35,873**	**163,516**	**199,389**
Accumulated depreciation	**(12,555)**	**(57,230)**	**(69,785)**
Closing net book value	**23,318**	**106,286**	**129,604**

	Leasehold improve-ments	Right-of-use assets (note 12)	Total
	$	$	$
Fiscal 2024			
Opening net book value	-	-	-
Additions	35,873	163,516	199,389
Depreciation	(5,381)	(24,527)	(29,908)
Closing net book value	30,492	138,989	169,481
As at January 31, 2024			
Cost	**35,873**	**163,516**	**199,389**
Accumulated depreciation	**(5,381)**	**(24,527)**	**(29,908)**
Closing net book value	**30,492**	**138,989**	**169,481**

Depreciation of $39,877 ($29,908 in Fiscal 2024) in Fiscal 2025 is being recorded in operating expenses in the consolidated statement of loss and comprehensive loss, under depreciation.

11. LIABILITY RELATED TO THE PREMIUM ON FLOW-THROUGH SHARES

	Fiscal 2025	Fiscal 2024
	$	$
Balance, beginning of period	468,172	-
Addition, net of issue costs (note 13)	98,253	864,590
Reduction related to qualifying exploration expenditures	(472,072)	(396,418)
Liability related to the premium on flow-through shares	**94,353**	**468,172**

(In Canadian Dollars)

12. LEASE LIABILITIES

	Fiscal 2025	Fiscal 2024
	$	$
Balance beginning	134,400	-
Additions	-	163,516
Lease payment	(36,444)	(38,692)
Financing fees lease	12,465	9,576
Balance ending	110,421	134,400
Non-current portion – lease liabilities	(82,691)	(110,422)
Current portion – lease liabilities	**27,730**	**23,978**

The Corporation has presently one lease for its office. In May 2023, the Corporation started the lease for five years. The Corporation has the option to renew the lease for an additional five-year period.

A right-of-use asset of $163,516 and an equivalent long term lease liability was recorded as of May 1, 2023, with a 10% incremental borrowing rate and not considering that the renewal option would be exercised.

13. SHARE CAPITAL

13.1 Share Capital

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

Fiscal 2025

a) Private placement (December 2024)

On December 27, 2024, the Corporation closed a non-brokered private placement consisting of 7,090,000 flow-through common shares at a price of $0.085 per flow-through common share for gross proceeds of $602,650.

Regarding this flow-through private placement of $602,650, the Corporation's share market value at closing was $0.07, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.015 for a total value of $106,350 credited to the liability related to the premium on flow-through shares.

Total share issue expenses for Fiscal 2025, including the finder's fees of $33,625, totaled $45,885 of which $37,788 was allocated to capital stock and $8,097 to flow-through premium.

Fiscal 2024

b) 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.

c) 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.

Regarding this flow-through private placement of $305,100, the Corporation's share market value at closing was $0.235, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.085 for a total value of $81,042 credited to the liability related to the premium on flow-through shares.

d) Private placement (December 2023)

On December 22, 2023, the Corporation closed a non-brokered private placement consisting of 2,733,333 flow-through common shares as part of a charity arrangement at a price of $0.30 per flow-through common share for gross proceeds of $820,000.

Regarding this flow-through private placement of $820,000, the Corporation's share market value at closing was $0.135, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.165 for a total value of $451,000 credited to the liability related to the premium on flow-through shares.

e) Private placement (December 2023)

On December 22, 2023, the Corporation closed a non-brokered private placement consisting of 573,811 flow-through common shares at a price of $0.21 per flow-through common share for gross proceeds of $120,500.

Regarding this flow-through private placement of $120,500, the Corporation's share market value at closing was $0.135, therefore the residual value attributed to the benefit related to flow-through shares renunciation was $0.075 for a total value of $43,036 credited to the liability related to the premium on flow-through shares.

Total share issue expenses for Fiscal 2024, including the finder's fees of $8,585, totaled $57,313 of which $33,667 was allocated to capital stock and $23,646 to flow-through premium.

13.2 Capital Management

The Corporation's primary objectives when managing capital are to maintain a sufficient capital base in order to meet its short-term obligations and to fund its exploration and evaluation activities. As needed, the Corporation raises funds in the capital markets. The Corporation does not use long term debt since it does not generate operating revenues. There is no dividend policy. The Corporation defines capital as its total equity. Changes in capital are depicted on the consolidated statement of changes in equity. Refer to consolidated statements of changes in equity for explanations regarding changes to capital for each of the year ended on January 31, 2025 and 2024. The Corporation is not subject to material externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

(In Canadian Dollars)

14. EXPLORATION AND EVALUATION EXPENDITURES

	Fiscal 2025	Fiscal 2024
	$	$
Salaries and benefits	475,390	463,438
Geology	421,782	621,700
Analysis	124,168	262,012
Transportation	99,274	25,301
Geophysics	38,758	110,582
Drilling	-	694,427
Lodging and food	33,262	18,645
Supplies and equipment	24,024	8,761
Exploration and evaluation expenditures before tax credits	1,216,658	2,204,866
Tax credits	(81,989)	(498,832)
Exploration and evaluation expenditures	**1,134,669**	**1,706,034**

15. REMUNERATION

15.1 Salaries and benefits, and director's fees

	Fiscal 2025	Fiscal 2024
	$	$
Salaries	547,591	549,428
Director's fees	63,500	77,500
Benefits	104,352	96,459
	715,443	723,387
Less: salaries and benefits presented in exploration and evaluation expenditures	(475,390)	(463,438)
Salaries and benefits, and director's fees disclosed on the consolidated statements of loss and comprehensive loss	**240,053**	**259,949**

15.2 Stock-based compensation

The Corporation has a stock option plan (the "Plan"). The number of options granted is determined by the Board of Directors. The exercise price of any option granted under the Plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options vesting period is determined by the Board of Directors. On June 19, 2024, the shareholders of the Corporation reapproved the Plan which provides that the maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the Plan is limited to a maximum of 10% of the common shares outstanding.

Fiscal 2025

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.

(In Canadian Dollars)

Fiscal 2024

On December 11, 2023, the Corporation granted the President, Rick Breger, with 400,000 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 equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $52,000 for an estimated fair value of $0.13 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 88% expected volatility, 3.4% 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 is as follows:

	Fiscal 2025		**Fiscal 2024**	
	Number of options	**Weighted Average Exercise Price**	**Number of options**	**Weighted Average Exercise Price**
		$		**$**
Balance, beginning	2,288,065	0.53	2,549,880	0.64
Granted – replacement (note 6)	563,987	0.84	-	-
Granted	1,300,000	0.15	400,000	0.15
Expired	(381,158)	0.56	(661,815)	0.71
Balance, end	**3,770,894**	**0.44**	**2,288,065**	**0.53**

Stock options outstanding and exercisable as at January 31, 2025 are as follows:

Number of options outstanding and exercisable	**Exercise price**	**Expiry date**
	$	
210,692	0.98	June 29, 2025
39,825	1.09	November 7, 2025
30,833	0.47	November 7, 2025
51,388	0.39	November 7, 2025
141,319	1.09	January 20, 2026
54,390	0.83	September 10, 2026
185,581	0.54	June 22, 2027
89,930	0.39	January 11, 2028
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
3,770,894		

(In Canadian Dollars)

16. INCOME TAXES

A reconciliation of income taxes at the combined Canadian statutory rate 26.5% (26.5% Fiscal 2024) with the reported taxes is as follows:

	Fiscal 2025	Fiscal 2024
	$	$
Net loss before income taxes	(2,607,400)	(2,589,965)
Expected income tax recovery	(690,961)	(686,341)
Increase (decrease) attributable to:		
Tax effect of renounced flow-through share expenditures	249,839	272,768
Amortization of flow-through share premiums	(472,072)	(396,418)
Stock-based compensation	35,484	13,780
Non deductible expenses	4,404	(2,980)
Change in unrecognized deductible temporary differences	335,321	417,668
Permanent difference	12,289	4,704
Other	53,624	(19,599)
Total	(472,072)	(396,418)

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the consolidated statement of financial position as at January 31, 2025 are as follows:

	As at January 31, 2025	Expiry date range
	$	
Exploration and evaluation	3,564,628	N/A
Share issue costs	835,177	N/A
Capital assets	362,947	N/A
Non-capital losses	4,864,607	2026-2034
Non-capital losses	432,644	2035
Non-capital losses	400,867	2036
Non-capital losses	693,624	2037
Non-capital losses	262,528	2038
Non-capital losses	1,334,058	2039
Non-capital losses	1,373,945	2040
Non-capital losses	1,574,268	2041
Non-capital losses	1,828,988	2042
Non-capital losses	1,047,289	2043
Non-capital losses	1,565,119	2044
Non-capital losses	1,776,866	2045

17. NET LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as stock options and warrants have not been included, as they would have the effect of decreasing the loss per share from continuing operations. Decreasing the loss per share from continuing operations would be antidilutive.

(In Canadian Dollars)

18. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

18.1 Key management compensation

Key management includes directors (executive and non-executive) and officers of the Corporation. The compensation paid or payable to key management for employee services is presented below:

	Fiscal 2025	Fiscal 2024
	$	$
Short-term benefits		
Salaries and benefits	166,624	172,208
Consulting and professional fees presented in the share issuance costs	8,247	27,000
Consulting and professional fees presented in the transaction costs	138,790	-
Consulting and professional fees	551,792	394,040
Director's fees	63,500	77,500
Long-term benefits		
Stock-based compensation	105,575	52,000
Total compensation	**1,034,528**	**722,748**

The compensation for the President and Chief Executive Officer ("CEO") was charged through a consulting agreement with Ian Campbell, P.Geo. This consulting agreement, which came into force on April 13, 2022, provided for payments, on termination of agreement without cause or following a change of control, of $180,000 to $270,000 representing 12 to 18 times the monthly fee, depending on circumstances. Ian Campbell remained President of the Corporation until December 11, 2023 and CEO until February 1, 2024.

The compensation for the President (effective December 11, 2023) and CEO (effective February 1, 2024) is charged through a consulting agreement with Rick Breger. This consulting agreement, which came into force on December 11, 2023, provided for payments, on termination of agreement without cause or following a change of control, of $105,000 to $420,000 representing 6 to 24 times the monthly fee, depending on circumstances.

On August 2, 2024, the Corporation appointed Vincent Dubé-Bourgeois, a director of Harfang, as the Corporation's Interim President and CEO as Richard Breger temporarily stepped back as President and CEO of the Corporation for personal reasons. The compensation for the Interim President and CEO is charged through a consulting agreement. Effective February 18, 2025, Richard Breger has reassumed the roles of President and CEO and has been reappointed as a director of Harfang.

The Vice-President Exploration of the Corporation's employment agreement, which came into force on March 20, 2024, provides for payments, on termination of employment without cause or following a change of control, of $34,615 to $150,000 representing 12 weeks to 12 months of base salary, depending on circumstances.

A company controlled by an officer charged an amount of $161,111 ($65,220 in Fiscal 2024) of which $58,876 ($38,220 in Fiscal 2024) was recorded as professional fees, $8,247 ($27,000 in Fiscal 2024) as share issuance costs and $93,988 ($nil in Fiscal 2024) as transaction costs, included in the table above.

18.2 Related party transactions

In addition to the amounts listed above in the key management compensation, following are the related party transactions:

In the normal course of operations:

- As at January 31, 2025, the balance due to those related parties listed in the key management compensation amounted to $30,318 ($69,155 as at January 31, 2024).

Out of the normal course of operations:

- In Fiscal 2025, directors of the Corporation participate in the December 27, 2024 flow-through private placement for $67,150 ($58,400 in the May 2, 2023 flow-through private placement and for $10,500 in the December 22, 2023 flow-through private placement). Where applicable, the directors and officers subscribed to the private placements and the flow-through private placements under the same terms and conditions set forth for all subscribers.

19. FAIR VALUE OF FINANCIAL INSTRUMENT

The fair values of cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

The fair value of the listed shares at fair value through profit and loss is established using the closing price on the most beneficial active market for this instrument that is readily available to the Corporation and as such are classified as Level 1 in the fair value hierarchy.

20. FINANCIAL RISKS

The Corporation's activities expose it to certain financial risks including the market risk, the credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's performance.

Risk management is carried out under policies approved by the Board of Directors. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment in excess liquidities.

20.1 Market risk

Listed shares risk
Listed shares risk is the risk that the fair value of a financial instrument varies due to the changes in the Canadian mining sector and equity market. For the Corporation's listed shares at fair value through profit and loss, a variation of plus or minus 20% of the quoted market prices as at January 31, 2025 would result in an estimated effect on the net loss of $13,350.

20.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The financial instrument that potentially subjects the Corporation to credit risk consists of cash (bank balances are classified as amortized cost). The balance of cash is $3,916,888 as of January 31, 2025 ($6,427,920 as of January 31, 2024). The Corporation reduces its credit risk by holding its cash with Canadian chartered banks.

20.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. The Corporation manages the liquidity risk by continuously monitoring actual and projected cash flows, taking into account the requirements related to its investment commitments and exploration and evaluation properties and matching the maturity profile of financial assets and liabilities. The Board of Directors reviews and approves any material transaction out of the ordinary course of business. Financial liabilities as at January 31, 2025 are comprised of accounts payable and accrued liabilities that are payable within 90 days and lease liabilities. As at January 31, 2025, the Corporation had working capital of $3,831,010. 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 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.