

# **FOUNDERS METALS INC.**

Consolidated Interim Financial Statements (unaudited)

For the three months ended November 30, 2023 and 2022

Expressed in Canadian Dollars

To the shareholders of Founders Metals Inc:

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of Founders Metals Inc. for the three months ended November 30, 2023 and 2022, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**FOUNDERS METALS INC.**

Consolidated Interim Statements of Financial Position (Unaudited)

Expressed in Canadian Dollars

As at	November 30 2023	August 31 2023
<b>ASSETS</b>		
Current		
Cash (note 6)	\$ 5,786,556	\$ 2,028,169
Goods and services tax receivable	60,218	85,606
Prepays and deposits	153,716	196,672
	<b>6,000,490</b>	2,310,447
Non-current		
Equipment (note 3)	623,199	554,556
Exploration and evaluation properties (note 4)	14,426,819	12,112,357
	<b>\$ 21,050,508</b>	\$ 14,977,360
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 1,558,708	\$ 889,770
	<b>1,558,708</b>	889,770
<b>EQUITY</b>		
Share capital (note 5)	22,451,453	16,293,446
Option and warrant reserve	1,749,419	1,496,435
Deficit	(4,709,072)	(3,702,291)
	<b>19,491,800</b>	14,087,590
	<b>\$ 21,050,508</b>	\$ 14,977,360

Approved by the Board of Directors on January 29, 2024

Director (signed by) "Nicholas Stajduhar"Director (signed by) "Roy Bonnell"*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

**FOUNDERS METALS INC.**

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

<b>For the three months ended</b>	<b>November 30 2023</b>	<b>November 30 2022</b>
<b>Expenses</b>		
Advertising and promotion	\$ 250,062	\$ 46,817
General and administration	88,086	36,132
Management fees	70,500	51,000
Professional fees	28,638	28,494
Project evaluation	-	365,384
Regulatory and filing fees	46,887	9,279
	<u>(484,173)</u>	<u>(537,106)</u>
<b>Other income</b>		
Interest income	19,827	9,324
Foreign currency translation loss	(935)	-
Share based compensation	<u>(541,500)</u>	<u>-</u>
<b>Net and comprehensive loss for the period</b>	<u>\$ (1,006,781)</u>	<u>\$ (527,782)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<u>49,158,669</u>	<u>26,217,000</u>

*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

**FOUNDERS METALS INC.**

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

	Share capital	Option and warrant reserve	Deficit	Total equity
<b>Balance at August 31, 2022</b>	<b>\$11,086,539</b>	<b>\$ 629,886</b>	<b>\$(1,840,037)</b>	<b>\$ 9,876,388</b>
Net loss	-	-	(527,782)	(527,782)
<b>Balance at November 30, 2022</b>	<b>\$11,086,539</b>	<b>\$ 629,886</b>	<b>\$(2,367,819)</b>	<b>\$ 9,348,606</b>
Shares issued for cash	4,783,000	-	-	4,783,000
Shares issued for property	295,000	-	-	295,000
Share issuance costs	(74,694)	-	-	(74,694)
Share issuance costs – non-cash	(13,536)	-	-	(13,536)
Options issued	-	871,100	-	871,100
Options exercised	26,400	(12,400)	-	14,000
Warrants issued	-	13,536	-	13,536
Warrants exercised	190,737	(5,687)	-	185,050
Net loss	-	-	(1,334,472)	(1,334,472)
<b>Balance at August 31, 2023</b>	<b>\$16,293,446</b>	<b>\$1,496,435</b>	<b>\$(3,702,291)</b>	<b>\$14,087,590</b>
Shares issued for cash	5,750,000	-	-	5,750,000
Share issuance costs	(513,947)	-	-	(513,947)
Options issued	-	541,500	-	541,500
Options exercised	607,200	(285,200)	-	322,000
Warrants exercised	314,754	(3,316)	-	311,438
Net loss	-	-	(1,006,781)	(1,006,781)
<b>Balance at November 30, 2023</b>	<b>\$22,451,453</b>	<b>\$1,749,419</b>	<b>\$(4,709,072)</b>	<b>\$19,491,800</b>

*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

**FOUNDERS METALS INC.**

Consolidated Interim Statements of Cash Flows (unaudited)

Expressed in Canadian Dollars

<b>For the three months ended</b>	<b>November 30 2023</b>	<b>November 30 2022</b>
<b>Operating activities</b>		
Net loss for the period	<b>\$ (1,006,781)</b>	\$ (527,782)
Items not affecting cash:		
Share based compensation	<b>541,500</b>	-
	<b>(465,281)</b>	(527,782)
Changes in non-cash working capital:		
Goods and services tax receivable	<b>25,388</b>	271,509
Prepayments and receivables	<b>42,956</b>	3,633
Accounts payable and accrued liabilities	<b>(733,076)</b>	58,416
Cash used in operating activities	<b>(1,130,013)</b>	(194,224)
<b>Investing activities</b>		
Equipment (note 3)	<b>(85,415)</b>	-
Exploration and evaluation property exploration expenditures, net (note 4)	<b>(895,676)</b>	(27,743)
Cash used in investing activities	<b>(981,091)</b>	(27,743)
<b>Financing activities</b>		
Proceeds from private placements (note 5)	<b>5,750,000</b>	-
Proceeds from options exercised (note 5)	<b>322,000</b>	-
Proceeds from warrants exercised (note 5)	<b>311,438</b>	-
Cash share issuance costs (note 5)	<b>(513,947)</b>	-
Cash provided by financing activities	<b>5,869,491</b>	-
<b>Net increase (decrease) in cash</b>	<b>3,758,387</b>	(221,967)
Cash, beginning of the period	<b>2,028,169</b>	969,590
<b>Cash, end of the period</b>	<b>\$ 5,786,556</b>	\$ 747,623

As at November 30, 2023, \$690 (2022 - \$nil) of acquisition and \$1,401,323 (2022 - \$3,065) of exploration and evaluation property expenditures are included in accounts payable and accrued liabilities.

During the period ended November 30, 2023, the Company capitalized amortization of \$16,773 (2022 - \$2,804) as exploration and evaluation expenditures to the exploration and evaluation properties.

*The accompanying notes form an integral part of these condensed consolidated interim financial statements.*

## **FOUNDERS METALS INC.**

Notes to the Consolidated Interim Financial Statements (Unaudited)

For the three months ended November 30, 2023 and 2022

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### **1. Nature of operations**

Founders Metals Inc. ("Founders" or the "Company") was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company's common shares are listed for trading on the TSX Venture Exchange under the trading symbol "FDR", on the Frankfurt Stock Exchange under the trading symbol "9DLO", and on the OTCQX Markets under the trading symbol "FDMIF". The address of the Company's corporate office and principal place of business is 250 Southridge NW, Suite 300, Edmonton, AB, T6H 4M9. The Company's registered office is Suite 780 - 1111 West Hastings Street, Vancouver, BC V6E 2J3. The Company's principal business is to explore and develop the gold and mineral exploration Antino Gold Project located in Suriname.

The mineral property is located in Suriname and in the exploration stage and, based on information to date, does not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets for the mineral property and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in the property and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the property.

### **2. Basis of presentation**

These condensed interim financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These interim financial statements were authorized for issue by the Board of Directors of the Company on January 29, 2024.

These interim financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

### **3. Equipment**

During the year ended August 31, 2021, the Company purchased a vehicle for \$62,840 and recorded amortization of \$9,426. During the period ended August 31, 2023, the Company recorded amortization of \$37,390 (2022 - \$16,024) which was capitalized to exploration and evaluation properties. As at August 31, 2023, the vehicle was fully amortized.

During the year ended August 31, 2023, the Company purchased drills and field equipment for a total of \$583,793 and recorded amortization of \$29,237 which was capitalized to exploration and evaluation properties. As at November 30, 2023, the Company purchased additional field equipment for a total of \$85,415 and recorded amortization of \$16,773 which was capitalized to exploration and evaluation properties.

### **4. Exploration and evaluation properties**

#### Antino Gold Project

The Antino Gold Project is a resource definition stage gold exploration project located in southeastern Suriname, within the Guiana Shield Gold Belt. The project is approximately 275 km from the capital city of Paramaribo and is accessible by air to the Antino Camp airstrip or by barge along the Maroni/Lawa River bordering French Guiana. The

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238 square kilometer property holds Rights to the Exploitation of Gold (Suriname mining titles), and all necessary permits for exploration, drilling, and mining have been obtained.

On March 21, 2023, the Company completed the acquisition (the "Acquisition") from Orea Mining Corp. ("Orea") of the option (the "Option") to acquire up to 75% of the Antino Gold Project (the "Project") in Suriname from Nana Resources N.V. Pursuant to an assignment agreement (the "Assignment Agreement") signed on March 17, 2023, Orea assigned to the Company all of its option, rights, and obligations pursuant to an existing option agreement (the "Option") with Nana Resources N.V. ("Nana") dated March 16, 2022 to acquire up to 75% of the shares in the capital of Lawa Gold N.V. ("Lawa") which is the registered owner of 100% of the Project (the "Assignment"). To acquire the Option, the Company paid Orea \$500,000 cash and issued 1,000,000 common shares of the Company.

The Option to acquire up to 75% ownership of the Project and become operator of the Project under the Assignment Agreement and Option Agreement is completed in three stages:

- a) Option to acquire an initial 51% interest in the Project within three years of the Commencement Date by:
- making cash payments totaling USD 1,650,000;
  - issuing common shares of the Company having a value of \$323,000;
  - incurring a minimum of USD 6,000,000 in exploration expenses; and
  - completing a geological technical report prepared in accordance with National Instrument 43-101, containing a minimum of 500,000 oz Au in any category.

As at the date of these condensed interim financial statements, the Company has made cash payments in the amount of USD 100,000, issued 1,475,000 common shares at a price of \$0.20 and incurred exploration expenditures of approximately USD 3,300,000 on the Antino Gold Project.

- b) Option to acquire an additional 19% interest in the Project, for a total of 70%, within two years of completion of the First Option Stage by:
- making cash payments totaling USD 1,500,000;
  - issuing common shares of the Company having a value of \$19,000;
  - incurring a minimum of USD 10,000,000 in exploration expenses; and
  - completing a preliminary economic assessment technical report prepared in accordance with National Instrument 43-101.

In the event that the Company does not proceed with the completion of the Second Option Stage, the Company will transfer its interest in the Project back to the optionor.

- c) Option to acquire an additional 5% in the Project, for a total of 75%, within three years of completion of the Second Option Stage by:
- incurring a minimum of USD 10,000,000 in exploration expenses; and
  - completing a bankable feasibility study prepared in accordance with National Instrument 43-101.

Upon successful earn-in of the Project, the Company and the optionor, Nana, will form a joint venture with the objective of accelerating the project into commercial production.



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Elmtree Gold Project

On February 26, 2021, the Company acquired the Elmtree Gold Project, a mineral exploration property comprised of two mineral exploration properties respectively comprised of 24 and 25 contiguous mineral claims totaling 1,063,326 hectares in northeast New Brunswick. To acquire the property, the Company paid \$350,000 cash to the vendor and issued 14,000,000 common shares of the Company with an estimated fair value of \$0.45 per share for a total consideration of \$6,650,000. The vendor retains a 2% net smelter royalty. The Company also paid an arm's length third party a finders' fee of 200,000 common shares of the Company with an estimated fair value of \$0.45 per share. Transaction costs of \$27,103 are included in acquisition cost. On completion of this transaction, the four vendors of the property became the directors of the Company.

Summary of costs

Total costs incurred by the Company on its Exploration and Evaluation Properties are summarized as follows:

	<b>Elmtree</b>		<b>Antino Gold</b>		<b>Total</b>
<b>Balance, August 31, 2023</b>	<b>\$</b>	<b>9,304,595</b>	<b>\$</b>	<b>2,807,762</b>	<b>\$ 12,112,357</b>
Acquisition	-			690	690
Airborne and geophysical survey	-			107,766	107,766
Amortization	-			16,773	16,773
Assays and analysis	-			251,073	251,073
Drilling	-			637,264	637,264
Fieldwork	-			641,318	641,318
Freight	-			112,875	112,875
Geological consulting		6,000		313,381	319,381
Overhead and management fees		600		83,219	83,819
Rentals	-			40,988	40,988
Travel and support	-			102,515	102,515
<b>Balance, November 30, 2023</b>	<b>\$</b>	<b>9,311,195</b>	<b>\$</b>	<b>5,115,624</b>	<b>\$ 14,426,819</b>

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### 5. Share capital

#### a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	Number of shares	Amount
<b>Balance at August 31, 2023</b>	<b>47,790,750</b>	<b>\$ 16,293,446</b>
Shares issued for cash	7,187,501	5,750,000
Options exercised	920,000	607,200
Warrants exercised	965,625	314,754
Share issuance costs	-	(513,947)
<b>Balance at November 30, 2023</b>	<b>56,863,876</b>	<b>\$ 22,451,453</b>

On November 28, 2023, the Company closed a private placement by issuing 7,187,500 common shares of the Company at a price of \$0.80 per common share for aggregate gross proceeds of \$5,750,000 (the "Offering"). In connection with the Offering, the Company paid a cash fee of \$345,000 and a cash finder's fee of \$3,000.

#### Escrowed common shares

Upon closing of the transaction on February 26, 2021, 14,049,867 common shares of the Company are subject to a Tier 2 Value Escrow Agreement. Under the Tier 2 Value Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these condensed interim financial statements, 2,107,480 common shares remained in escrow.

#### b) Stock options

The Company has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

A summary of stock option activity in the periods is as follows:

	Number of options	Weighted average exercise price
<b>Outstanding options, August 31, 2023</b>	<b>4,107,000</b>	<b>\$ 0.41</b>
Issued	950,000	0.80
Exercised	(920,000)	0.35
<b>Outstanding options, November 30, 2023</b>	<b>4,137,000</b>	<b>\$ 0.51</b>

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A summary of stock options outstanding and exercisable is as follows:

Exercise Price	November 30, 2023		Exercise Price	August 31, 2023	
	Number of options	Remaining contractual life (years)		Number of options	Remaining contractual life (years)
\$ 0.50	1,175,000	2.3	\$ 0.50	1,175,000	2.5
0.75	162,000	3.0	0.75	162,000	3.3
0.35	1,850,000	4.4	0.35	2,770,000	4.7
0.80	950,000	4.9	-	-	-
<b>\$ 0.51</b>	<b>4,137,000</b>	<b>3.8</b>	<b>\$ 0.41</b>	<b>4,107,000</b>	<b>4.0</b>

- i. On October 4, 2023, the Company granted stock options to acquire up to an aggregate 950,000 common shares of Company under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.80 per common share and have an expiry date of October 4, 2028 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$541,500, or \$0.57 per option, has been recorded as share-based compensation expense during the period ended November 30, 2023 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: weighted average grant date stock price \$0.75; expected life, 5 years; expected volatility, 100%; risk-free rate, 4.33%; expected dividends, 0%. The expected volatility was determined by reference to the historical volatility of comparable public companies. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.

## c) Warrants

The Following is a summary of the changes in the Company's warrants during the periods:

	Number of warrants	Weighted average exercise price
<b>Outstanding warrants, August 31, 2023</b>	<b>14,684,123</b>	<b>\$ 0.54</b>
Exercised	(965,625)	0.38
<b>Outstanding warrants, November 30, 2023</b>	<b>13,718,498</b>	<b>\$ 0.55</b>

A summary of the warrants outstanding and exercisable is as follows:

Exercise Price	November 30, 2023		Exercise Price	August 31, 2023	
	Number of warrants	Remaining contractual life (years)		Number of warrants	Remaining contractual life (years)
\$ 0.75	7,076,998	1.2	\$ 0.75	7,176,998	1.5
0.35	6,576,750	1.3	0.35	7,395,000	1.6
0.20	64,750	1.3	0.20	112,125	1.6
<b>\$ 0.55</b>	<b>13,718,498</b>	<b>1.3</b>	<b>\$ 0.54</b>	<b>14,684,123</b>	<b>1.5</b>

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### d) Restricted Share Units

On April 28, 2023, the Company granted 2,575,000 RSUs to Eligible Persons of the Company under its RSU Plan, which will not vest until April 28, 2024.

## 6. Financial instruments and risk management

### *Fair value of financial instruments*

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at November 30, 2023, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

### *Financial instruments risk*

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

#### Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

#### Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at November 30, 2023, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	<b>November 30, 2023</b>	<b>August 31 2023</b>
Financial assets at amortized cost		
Cash	\$ 5,786,556	\$ 2,028,169
Goods and services tax receivable	60,218	85,606
	<b>\$ 5,846,774</b>	<b>\$ 2,113,775</b>

Financial liabilities included in the statement of financial position are as follows:

	<b>November 30, 2023</b>	<b>August 31 2023</b>
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 1,558,708	\$ 889,770
	<b>\$ 1,558,708</b>	<b>\$ 889,770</b>

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

**7. Related party transactions**

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

<b>For the three months ended</b>	<b>November 30, 2023</b>	<b>November 30, 2022</b>
Management fees paid to key management and directors	\$ 39,000	\$ 51,000
Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets	45,000	9,000
Advertising and promotion fees paid to a director	30,000	30,000
Project evaluation fees paid to key management and directors	-	10,000
	<b>\$ 114,000</b>	<b>\$ 100,000</b>

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**8. Subsequent event**

Subsequent to November 30, 2023, a total of 2,057,000 warrants were exercised at a conversion price between \$0.35 and \$0.75, for gross proceeds of \$1,397,850.