

DEMESNE RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(All Amounts are in Canadian Dollars)

(UNAUDITED)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Demesne Resources Ltd. (the Company) have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditors.

DEMESNE RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(All Amounts are in Canadian Dollars)

MARCH 31, 2024

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DEMESNE RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)
(Unaudited)

	Note	As at March, 31 2024	As at December, 31 2023
ASSETS			
CURRENT			
Cash	3	\$ 74,088	\$ 110,462
GST receivable		15,974	14,790
Prepaid		-	7,333
TOTAL ASSETS		\$ 90,062	\$ 132,585
LIABILITIES			
CURRENT			
Accounts and accrued payables	8	\$ 87,746	\$ 66,562
SHAREHOLDERS' EQUITY			
Share capital	4	1,056,825	471,000
Warrants reserve		31,684	-
Share-based payments reserve	5	59,813	59,813
Deficit		(1,146,006)	(455,385)
		2,316	75,428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 90,062	\$ 182,220

APPROVED ON BEHALF OF THE BOARD

(signed) "Adam Virani"

Adam Virani
Director

(signed) "Dhanbir Jaswal"

Dhanbir Jaswal
Director

See the accompanying notes to the condensed interim financial statements.

DEMESNE RESOURCES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31
(All Amounts are in Canadian Dollars)
(Unaudited)

		2024	2023
EXPENSES	Note		
Bank charges		\$ 138	\$ 38
General expenses		225	1,484
Professional fees	8	58,844	26,250
Share-based compensation	8	4,500	-
		<hr/>	<hr/>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ 63,707	\$ 27,832
		<hr/>	<hr/>
NET LOSS PER SHARE – Basic and diluted		\$ 0.00	\$ 0.00
		<hr/>	<hr/>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted		15,458,994	9,009,994

See the accompanying notes to the condensed interim financial statements.

DEMESNE RESOURCES LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Share Capital	Warrants reserve	Share-based payments reserve	Deficit	Shareholders' Equity
Balance, December 31, 2022	9,009,994	\$ 471,000	\$ -	\$ 59,813	\$ (455,385)	\$ 75,428
Net loss and comprehensive loss	-	-	-	-	(27,832)	(27,832)
Balance, March 31, 2023	9,009,994	\$ 471,000	\$ -	\$ 59,813	\$ (483,217)	\$ 47,596
Balance, December 31, 2023	15,458,994	\$ 1,056,825	\$ 31,684	\$ 59,813	\$ (1,082,299)	\$766,023
Net loss and comprehensive loss	-	-	-	-	(63,707)	(63,707)
Balance, March 31, 2024	15,458,994	\$ 1,056,825	\$ 31,684	\$ 59,813	\$ (1,146,006)	\$ 2,316

See the accompanying notes to the condensed interim financial statements.

DEMESNE RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
(All Amounts are in Canadian Dollars)
(Unaudited)

	2024	2023
OPERATING ACTIVITIES		
Net loss for the period	\$ (63,707)	\$ (23,832)
Adjustments for non-cash items:		
Share-based compensation	4,500	-
Change in non-cash working capital:		
Increase in GST receivable	(1,184)	(799)
Decreased in prepaid	7,333	-
(Decreased) Increase in accounts and accrued payables	(16,684)	8,127
Cash used in operating activities	<u>(36,374)</u>	<u>(20,504)</u>
Change in cash	(36,374)	(20,504)
Opening cash	<u>110,462</u>	<u>27,916</u>
Closing cash	<u>\$ 74,088</u>	<u>\$ 7,412</u>
CASH PAID FOR:		
Interest	\$ -	\$ -
Taxes	-	-

See the accompanying notes to the condensed interim financial statements.

DEMESNE RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2024
(All Amounts are in Canadian Dollars)
(Unaudited)

1. Nature of Organization

Description of the Business

Demesne Resources Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) on January 14, 2019. The Company is engaged in the acquisition, exploration, and evaluation of a mineral properties. The Company has operations in Canada.

The address of the Company's registered office is 335-1632 Dickson Avenue, Kelowna, BC, V1Y 7T2.

The condensed interim financial statements of the Company were authorized for issuance in accordance with a resolution of the directors on May 29, 2024.

The Company has not commenced operations and has no material assets other than cash. Management estimates that the funds available as at March 31, 2024 may not be sufficient to meet the Company's obligations and budgeted expenditures through March 31, 2025. The Company will have to raise additional funds to continue operations. The Company is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Company will be successful in these actions, management believes that it will be able to secure the necessary financing through the issuance of new debt and equity.

Although these financial statements have been prepared using IFRS Accounting Standards ("IFRS") applicable to a going concern, the above noted conditions indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities to the reported expenses and to the statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. Basis of Presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 29, 2024, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2023, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2024 could result in restatement of these unaudited condensed interim financial statements

3. Cash

The Company has cash of \$74,088 held in a Chartered Canadian bank at March 31, 2024 (December 31, 2023 - \$110,462).

DEMESNE RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended March 31, 2024
(All Amounts are in Canadian Dollars)
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4. Share Capital

Common Shares

The Company is authorized to issue an unlimited number of common shares.

	Common Shares #	Amount \$
December 31, 2022	9,009,994	471,000
IPO shares issued (i)	5,000,000	500,000
Shares issue costs (i)	-	(162,575)
Shares issued for exploration and evaluation (note 9)	450,000	148,500
Shares issued for services (ii)	760,000	76,000
Shares issued to settle accounts and accrued payables (iii)	239,000	23,900
December 31, 2023 and March 31, 2024	15,458,994	1,056,825

- (i) On May 3, 2023, the Company completed its initial Public Offering ("IPO") and of 5,000,000 common shares at a price of \$0.10 per share, for aggregate gross proceeds of \$500,000. The Company paid PI Financial a cash commission of \$50,000 and issued 500,000 warrants to acquire up to 500,000 common shares at a price of \$0.10 per share until May 3, 2026, fair valued at \$31,684 (note 8). The fair value of the warrants was determined by using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.55%; an expected volatility of 100%; an expected dividend yield of 0%; and an expected life of three years. As part of the IPO, the Company paid additional share issue costs consisting of legal fees and IPO costs of \$30,891.
- (ii) On May 23, 2023, September 1, 2023 and October 27, 2023 the Company issued 510,000, 180,000 and 25,000 common shares at a price of \$0.10 per common share for services rendered in the amount of \$71,500. On October 27, 2023, the Company issued 45,000 common shares at a price of \$0.10 for services rendered of \$4,500.
- (iii) On October 27, 2023 the Company issued 189,000 common shares at a price of \$0.10 per common share to settle consulting services rendered. On October 27, 2023 and September 1, 2023, the Company issued 50,000 common shares at a price of \$0.10 per common share settle consulting fees of the former CEO.

As of March 31, 2024, 449,999 shares are held in escrow.

5. Share-based Payments Reserve

The Company's stock option plan (the "Plan") was approved by the shareholders of the Company on June 24, 2022, for the purpose of attracting, retaining and motivating directors, officers, employees and other service providers by providing them with an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The number of stock options which may be granted under the plan is limited to not more than 10% of the issued common shares of the Company, calculated on a non-diluted basis immediately prior to the stock option grant.

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The exercise price of options granted under the Plan is set at the “market price” of the common shares, or higher, of the Canadian dollar trading price of the common shares on the day before or the date of grant. Options vest at the discretion of the board of directors of the Company, and in the case of directors, officers, and employees, is generally contingent upon continued service to the Company during the vesting period.

The Plan provides that all options outstanding will vest fully in the event of a take-over bid. As well, where there is a change of control, outstanding options granted to directors, officers and employees will immediately vest in full. All options expire on a date not later than five years after the issuance of such option, subject to extensions granted in connection with black-out periods.

The following table reflects the continuity of stock options for the three months ended March 31, 2024 and March 31, 2023:

	Number of stock options outstanding and exercisable	Weighted average exercise price
December 31, 2022, March 31, 2023, December 31, 2023 and March 31, 2024	790,000	0.10

On June 24, 2022, the Company granted 790,000 stock options to directors, officers and consultants of the Company pursuant to the Company’s stock option plan. The stock options were issued at an exercise price of \$0.10, fully vested on the grant date. For the purposes of the 790,000 options, the fair value of each option was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 100% using the historical price history of companies at a comparable state of evolution; risk free interest rate of 3.19%; and an expected average life of five years. As at March 31, 2024, the options have an estimated remaining life of 3.23 years.

6. Warrants Reserve

The following table reflects the continuity of warrants for the three months ended March 31, 2024:

	Number of warrants	Grant date Fair value (\$)	Weighted average exercise price (\$)
December 31, 2022	-	-	-
Granted (note 6 (iii))	500,000	31,684	0.10
December 31, 2023 and March 31, 2024	500,000	31,684	0.10

7. Capital Risk Management

The Company manages its share capital, \$1,056,825 at March 31, 2024, as capital. The Company’s objectives when managing capital are to safeguard the Company’s ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Company does not pay out dividends.

The Company expects its current capital resources will not be sufficient to carry its operations. The Company intends to raise capital as needed to fund its exploration and administrative spending requirements. The Company is not subject to any externally or internally imposed capital requirements as at March 31, 2024. There have been no changes to the Company's approach to capital management during the three months ended March 31, 2024.

8. Transactions with Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related parties include the Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

As at March 31, 2024, included in accounts and accrued payables was \$19,000 (December 31, 2023 - \$11,250) owing to related parties. These amounts are non-interest bearing and have no set repayment terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company defines its key management personnel as its members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Remuneration of key management personnel was as follows:

	Three Months Ended	
	March 31,	
	2024	2023
Professional fees	\$ 3,750	\$ 18,750
Share based compensation	4,500	-
	\$ 8,250	\$ 18,750

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9. Exploration and Evaluation Expenditures

On May 11, 2022, the Company signed an Option to Purchase Agreement for the Star Mineral Property (the "Agreement"). The Company can acquire a 100% interest in the Property, subject to a 2% Net Smelter Royalty ("NSR"), on the following terms:

Issue 1,650,000 shares as follows:

- 450,000 shares on or before the Listing Date (Issued at a fair value of \$148,500, note 6);
- 600,000 shares on or before the 12 month listing date;
- 600,000 shares on or before the 24 month listing date.

Cash Payments:

- \$6,000 within 5 days of signing the Agreement; (Paid)
- \$24,000 on the Listing Date (Paid);
- \$45,000 within 12 months after the Listing Date.

Incur Exploration Spending of \$1,850,000 over the following periods:

- \$100,000 within 12 months of the Listing Date;
- \$250,000 within 24 months of the Listing Date;
- \$500,000 within 36 months of the Listing Date;
- \$1,000,000 within 48 months of the Listing Date.

The Company may purchase half of the NSR, being 1%, for \$1,000,000.

10. Risk Management

a) Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. There were no changes to the Company's risk exposures during the three months ended March 31, 2024. The principal risks to which the Company is exposed are described below.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. The Company has no significant concentration of credit risk. The maximum exposure to credit risk is the aggregate carrying amount of cash.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at March 31, 2024, the Company's working capital is \$2,316 and it does not have any long-term liabilities.

The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2024, the Company had cash of \$74,088 and total liabilities of \$87,746.

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(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2024, the Company does not have any interest bearing liabilities and is not exposed to interest rate risk.

Currency rate risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's assets and liabilities are denominated in Canadian Dollars, and transactions are originated in Canadian Dollars; thus, the Company does not consider itself to be exposed to significant currency risk.

11. Segmented Information

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.