

**ICONIC MINERALS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2024**

**Expressed in Canadian Dollars**  
**(Unaudited – prepared by management)**

## **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 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 consolidated interim financial statements have been prepared by and are the responsibility of management.

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

VANCOUVER, BC  
July 24, 2024

# Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian dollars - unaudited)

As at	May 31, 2024 -\$-	August 31, 2023 -\$-
<b>ASSETS</b>		
Current assets		
Cash	36,571	319,361
Prepaid expenses and deposits (Note 8)	124,432	203,227
Receivables (Note 4)	359,069	381,677
Investments (Note 5)	653,640	2,088,539
	1,173,712	2,992,804
Non-current assets		
Exploration and evaluation assets (Note 6)	1,288,126	1,270,767
<b>TOTAL ASSETS</b>	<b>2,461,838</b>	<b>4,263,571</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7 and 8)	1,416,988	1,363,598
	1,416,988	1,363,598
Rehabilitation obligation (Note 6)	27,399	27,099
<b>TOTAL LIABILITIES</b>	<b>1,444,387</b>	<b>1,390,697</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	28,514,804	28,514,804
Reserves (Note 10)	5,603,943	5,560,293
Performance shares issuable (Note 6)	258,569	251,607
Deficit	(33,359,865)	(31,453,830)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,017,451</b>	<b>2,872,874</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,461,838</b>	<b>4,263,571</b>

## Nature of Operations and Going Concern (Note 1)

Approved by the Directors:

"Jurgen Wolf"

"Richard Kern"

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Condensed Consolidated interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars - unaudited)

	Nine months ended		Three months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
	-\$	-\$	-\$	-\$
<b>EXPENSES</b>				
Business development (Note 8)	153,104	155,117	49,304	58,835
Consulting (Note 8)	83,447	277,856	23,999	82,500
Foreign exchange	7,786	77,190	5,726	7,449
Interest expense (Note 9)	-	345,366	-	324,602
Management fees (Note 8)	79,015	77,206	26,448	24,569
Office administration (Note 8)	122,427	116,351	42,925	38,968
Professional fees	104,095	814,444	20,699	724,497
Shareholder communications	31,248	34,117	8,380	11,307
Share-based compensation (Notes 8 and 10)	50,612	564,193	1,676	-
Transfer agent and regulatory fees	31,692	50,852	12,751	32,222
<b>Operating loss</b>	<b>(663,426)</b>	<b>(2,512,692)</b>	<b>(191,908)</b>	<b>(1,304,949)</b>
Management fee income (Note 6)	-	193,623	-	30,503
Unrealized gain (loss) on investments (Note 5)	(1,090,497)	151,171	(113,099)	57,512
Loss on sale of investments (Note 5)	(152,112)	(154,133)	(66,882)	(70,645)
Gain on sale of previously impaired assets (Note 5 and 6)	-	34,517	-	-
<b>Loss and comprehensive loss for the period</b>	<b>(1,906,035)</b>	<b>(2,287,514)</b>	<b>(371,889)</b>	<b>(1,287,579)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>147,509,051</b>	<b>131,189,001</b>	<b>147,509,051</b>	<b>130,245,778</b>

See accompanying notes to the condensed consolidated interim financial statements

## Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars - unaudited)

	Share capital		Obligation to issue Shares	Subscription Receivable	Reserves	Performance shares issuable	Deficit	Total
	Number of shares	Amount						
<b>Balance at August 31, 2022</b>	<b>132,745,778</b>	<b>\$ 45,718,213</b>	<b>\$ -</b>	<b>\$ (375,000)</b>	<b>\$ 4,996,100</b>	<b>\$ 259,256</b>	<b>\$ (49,032,382)</b>	<b>\$ 1,566,187</b>
Shares cancelled	(2,500,000)	(375,000)	-	375,000	-	-	-	-
Share-based compensation	-	-	-	-	564,193	-	-	564,193
Debt Settlements	-	-	2,947,157	-	-	-	-	2,947,157
Performance shares issuable	-	-	-	-	-	29,944	-	29,944
Loss for the period	-	-	-	-	-	-	(2,287,514)	(2,287,514)
<b>Balance at May 31, 2023</b>	<b>130,245,778</b>	<b>\$ 45,343,213</b>	<b>\$ 2,947,157</b>	<b>\$ -</b>	<b>\$ 5,560,293</b>	<b>\$ 289,200</b>	<b>\$ (51,319,896)</b>	<b>\$ 2,819,967</b>
<b>Balance at August 31, 2023</b>	<b>147,509,051</b>	<b>\$ 28,514,804</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,560,293</b>	<b>\$ 251,607</b>	<b>\$ (31,453,830)</b>	<b>\$ 2,872,874</b>
Share-based compensation	-	-	-	-	43,650	-	-	43,650
Performance shares issuable	-	-	-	-	-	6,962	-	6,962
Loss for the period	-	-	-	-	-	-	(1,906,035)	(1,906,035)
<b>Balance at May 31, 2024</b>	<b>147,509,051</b>	<b>\$ 28,514,804</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,603,943</b>	<b>\$ 258,569</b>	<b>\$ (33,359,865)</b>	<b>\$ 1,017,451</b>

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in Canadian dollars - unaudited)

	Nine months ended	
	May 31, 2024	May 31, 2023
	-\$-	-\$-
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(1,906,035)	(2,287,514)
Adjustments for non-cash items:		
Interest expense accreted	-	345,366
Foreign exchange loss (gain)	1,155	(65,498)
Loss on sale of marketable securities	152,112	154,133
Unrealized loss (gain) on marketable securities	1,090,497	(151,171)
Gain on disposal of Hercules property	-	(34,517)
Share-based compensation	50,612	564,193
Net change in non-cash working capital accounts:		
Advance from operating partner	-	(3,406,968)
Prepaid expenses	11,046	(34,566)
Receivables	26,309	(24,979)
Accounts payable and accrued liabilities	116,583	1,607,122
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(457,721)</b>	<b>(3,334,399)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets expenditures and advances	(17,359)	(4,152,335)
Recoveries of exploration and evaluation expenditures	-	3,872,465
Net proceeds from sale of marketable securities	192,290	87,050
<b>NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>174,931</b>	<b>(192,820)</b>
Effect of foreign exchange on cash	-	67,710
Decrease in cash in the period	(282,790)	(3,459,509)
Cash, beginning	319,361	3,754,555
<b>CASH AND RESTRICTED CASH, ENDING</b>	<b>36,571</b>	<b>295,046</b>

The significant non-cash transactions during the periods presented include:

	May 31, 2024	May 31, 2023
	-\$-	-\$-
Accounts payable related to exploration and evaluation assets	339,983	907,846
Performance shares issuable for exploration and evaluation assets	6,962	29,944

See accompanying notes to the condensed consolidated interim financial statements

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Iconic Minerals Ltd. (“Company”) is engaged in the acquisition and exploration of exploration and evaluation assets. The Company was incorporated under the laws of British Columbia on September 14, 1979. The Company’s head office and principal place of business is located at 303 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At May 31, 2024, the Company had working capital deficit of \$243,276 (August 31, 2023 - \$1,629,206 working capital) and the Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon the discovery of proven reserves and generating profitable operations. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether any of these properties contain reserves that are economically recoverable. The recoverability of amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves. The Company’s future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company’s operating losses and working capital deficiency will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

### Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. These financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual audited financial statements for the year ended August 31, 2023.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements, save for the adoption of IFRS 16 for the 2019 fiscal year starting on September 1, 2019. The effect of initially applying this standard did not have a material impact on the Company’s financial statements.

The directors of the Company authorized the financial statements for issue on July 24, 2024.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Bonaventure Nevada Inc. ("Bonaventure") incorporated in the State of Nevada, USA and its wholly-owned subsidiary Goldnev Exploration Ltd. ("Goldnev") incorporated in British Columbia, Canada. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiaries, unless denominated otherwise.

### Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Recoveries on mineral properties are recorded against the related property cost as amounts are received, with any net excess recorded to profit or loss.

### Joint venture participation and accounting

From time to time the Company enters into agreements that provide for specified percentage interests in exploration and evaluation asset rights to be allocated to joint venture participants in exchange for funding or joint funding of exploration programs.

Where agreements specify the Company as the operator and where controlling interest of the exploration program remains with the Company, such arrangements are considered to be participation funding and not considered to be joint ventures. Funds provided by partners in advance of expenditure are classified as restricted cash.

### Tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or development work conducted on any of its exploration and evaluation assets are credited as a reduction to the carrying costs of the exploration and evaluation assets to which the credits relate. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.



# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Future site restoration costs

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of its exploration and evaluation assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the decommission liability in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as related assets.

The Company's estimates of decommissioning costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit or loss.

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

### Financial instruments

#### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash, restricted cash and receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and marketable securities are classified as FVTPL.

#### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Financial instruments (cont'd...)

#### Impairment (cont'd)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities and long-term liabilities (including current portion) are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

### Income (loss) per share

The Company computes income (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic income (loss) per share figures is calculated using the weighted average number of shares outstanding during the respective years. Diluted income (loss) per share is computed by dividing net income (loss) by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of in the money stock options, restricted share units, or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year.

### Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, rehabilitation obligation, fair value measurements for long term liabilities and other equity-based payments, including performance shares issuable. Actual results may differ from those estimates and judgments.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Significant accounting judgments, estimates and assumptions (cont'd...)

#### *Rehabilitation obligation*

The Company has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

#### *Long term debt*

The Company has non-interest-bearing long-term debt as described in Note 9. The Company has recorded an estimate of the current value of such debt expected to be repaid over 25 years. Assumptions and estimates are made in relation to the expected amounts to be repaid in future years, and the expected timing of those repayments. Such estimates are revised based on market conditions.

#### *Valuation of Exploration and Evaluation assets*

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. Property under lease has attributes of an option agreement and accordingly the Company capitalizes annual lease payments and exploration and evaluation costs required under the lease agreement.

#### *Share-based compensation*

The Company grants stock options to directors, officers and consultants. All share-based awards are measured and recognized using a fair value-based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. The vesting of share-based payments is subject to estimation uncertainty.

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

Performance shares issuable is calculated based on the fair value of the equity instruments effected for estimated forfeiture rates on performance benchmarks and is recorded as benchmarks are achieved.

### Deferred income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Deferred income taxes (cont'd)

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither the accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available against which the assets can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### *Foreign currency translation*

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, *The Effect of Changes in Foreign Exchange Rates*.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

### Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2024

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

### Related party transactions

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 operation 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 resource or obligations between related parties.

### New Standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2023 and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2024

### Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settle within one year) or non-current.

The Company will adopt this amendment in the future financial statements, but is not expected to have a material impact.

## 3. RESTRICTED CASH

At May 31, 2024, the Company classified \$nil (2023 - \$295,046) as restricted cash. This amount is from joint operating partners for exploration (Note 6). Partner advances expected to be used within the following 12 months are included with current assets.

## 4. RECEIVABLES

The components of receivables are as follows:

	May 31, 2024	August 31, 2023
	- \$ -	- \$ -
Due from government agencies	20,178	46,486
Refundable reclamation bond (Note 6)	338,891	335,191
	359,069	381,677

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

## 5. INVESTMENTS

Investments consist of shares and warrants of publicly listed companies. The Company has the following investments at fair value as of May 31, 2024 and August 31, 2023:

	May 31, 2024		August 31, 2023	
	Number of Shares	Fair value \$	Number of Shares	Fair value \$
St-Georges Eco-Mining Corp.	-	-	15,000	1,500
Elevation Gold Mining Corporation	-	-	181,667	19,075
Nevada Lithium Resources Ltd.	3,598,799	485,838	4,577,799	1,304,673
Nevada Lithium Resources Ltd.	4,000,000 warrants	167,802	4,000,000 warrants	763,291
		653,640		2,088,539

The fair values of the warrants were based on the following assumptions: share price at the period ended May 31, 2024 of \$0.135; exercise price of \$0.20; expected life of 1.11 years; expected volatility of 102%; risk free interest rate of 4.25%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

During the period ended May 31, 2024, the Company recognized a loss of \$152,112 (2023 - \$154,133) upon the sale of certain shares, an unrealized loss on securities held of \$495,008 (2023 - \$151,171 gain), and an unrealized loss on warrants held of \$595,489 (2023 - \$nil).

## 6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

### NEVADA, USA PROPERTIES

The following table summarizes the consolidated schedule of exploration and evaluation assets:

	New Pass	Midas South	Bonnie Claire	Smith Creek	Grass Valley	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
<b>Beginning balance September 1, 2022</b>	<b>173,512</b>	<b>1</b>	<b>3,705,381</b>	<b>838,214</b>	<b>-</b>	<b>4,717,108</b>
Acquisition	-	-	-	1,312	239,276	240,588
Claims renewals and reclamation bonds	18,409	16,873	269,797	289,495	-	594,574
Consulting geological	-	-	237,827	264,480	-	502,307
Drilling, geophysical and assay	1,355	1,355	2,897,598	-	-	2,900,308
Exploration expenditure, extraction technology	-	-	(7,649)	-	-	(7,649)
Fieldwork	-	-	254,746	2,481	-	257,227
Site office and administration	-	-	1,052	13,153	-	14,205
Travel	-	-	62,817	8,163	-	70,980
	19,764	18,228	3,716,188	579,084	239,276	4,572,540
	193,276	18,229	7,421,569	1,417,298	239,276	9,289,648
Less:						
Impairments	-	(18,228)	-	-	-	(18,228)
Exploration recoveries	-	-	(3,723,836)	(579,084)	-	(4,302,920)
Recovery on disposal	-	-	(3,697,733)	-	-	(3,697,733)
<b>Ending balance August 31, 2023</b>	<b>193,276</b>	<b>1</b>	<b>-</b>	<b>838,214</b>	<b>239,276</b>	<b>1,270,767</b>

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2024

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	New Pass	Midas South	Smith Creek	Grass Valley	Total
	- \$ -	- \$ -	- \$ -	- \$ -	- \$ -
<b>Beginning balance September 1, 2023</b>	<b>193,276</b>	<b>1</b>	<b>838,214</b>	<b>239,276</b>	<b>1,270,767</b>
Claims renewals and reclamation bonds	5,268	-	-	-	5,268
Consulting geological	-	-	5,399	5,398	10,797
Drilling, geophysical and assay	610	609	-	75	1,294
	5,878	609	5,399	5,473	17,359
<b>Ending balance May 31, 2024</b>	<b>199,154</b>	<b>610</b>	<b>843,613</b>	<b>244,749</b>	<b>1,288,126</b>

**New Pass** - The property consists of a 50% interest in certain unpatented mining claims located in Churchill County, Nevada.

The Company has estimated a rehabilitation obligation of \$27,399 (August 31, 2023 - \$27,099) related to this property.

As at May 31, 2024, the Company has posted a bond of \$43,248 (August 31, 2023 - \$42,774).

On May 3, 2024, the Company entered into a property option agreement with Gol Basin Resources Corporation (TSXV: GXX) ("Gold Basin"), whereby Gold Basin can acquire from the Company and its wholly owned subsidiary a 50% interest in and to the New Pass gold property, which consisting of 107 unpatented mineral claims.

Pursuant to the option agreement, the Company granted to Gold Basin the exclusive option to acquire an undivided 50% right, title and interest in and to the unpatented mineral claims comprising the property, in consideration of the payment of an aggregate of \$750,000 in cash and the delivery of an aggregate of \$750,000 in common shares in the capital of Gold Basin ("Consideration Shares").

Additionally, within five business days of the earlier of the date that (i): Gold Basin (or its Affiliate) enters into a joint venture agreement with White Knight Gold (U.S.) Inc. ("WKG") and White Knight Resources Inc. ("WKR"), or McEwen Mining Nevada Inc. ("McEwan") (or their permitted assigns), for the continued development of the Property; (ii) Gold Basin acquires the 50% interest in the Property currently held by WKR, WKG and McEwan; and (iii) Gold Basin disposes of all or any of its 50% interest in the Property, Gold Basin shall deliver a further \$750,000 in Consideration Shares to the Company. Upon the satisfaction of the Option Exercise Conditions, Gold Basin shall be deemed to have exercised the Option in full and earned an undivided 50% legal and beneficial interest in the Property. With the exception of the cash payment set forth in item (i) above, all of the foregoing cash payments and share issuances are optional and Gold Basin will not be obligated to make any such cash payments or share issuances. However, if Gold Basin fails to do so as required, the Option may be terminated upon notice by the Company to Gold Basin and, following such termination, Gold Basin will not retain any interest in the Property. All securities issued pursuant to the Option will be subject to a four month and a day regulatory hold period in Canada.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

**Midas South** - The property consists of a 50% interest in certain unpatented mining claims located in Elko County, Nevada.

**Hercules** – The Company is a party to an earn in agreement, subsequently amended, with a company related by virtue of a common director, on certain claims in Lyon County, Nevada.

On August 9, 2019, the Company entered into an agreement (“Hercules Option Agreement”) with Great Basin Resources Inc., Eclipse Gold Mining Corporation (“Eclipse”) and Hercules Gold USA, LLC (“HGU”), a subsidiary of Eclipse, in respect of the Hercules property.

In consideration for the termination of the existing option and data transfer, Eclipse will:

- make a cash payment to Iconic in the sum of \$325,000 within five business days of the execution of the Hercules Option Agreement (received); and
- issue up to an aggregate of 4,000,000 common shares in the capital of Eclipse to the Company as follows:
  - 1,000,000 Eclipse shares on the date which is 10 days immediately following the date on which Eclipse’s share become listed on a public stock exchange (received February 28, 2020, valued of \$720,000), and
  - 1,000,000 Eclipse shares on each of the first, second, and third anniversary dates of the Listing Date (amending agreement on February 12, 2021).

Under the terms of the Hercules Option Agreement, Great Basin Resources Inc. has granted an option (“HGU Option”) to HGU, under which HGU must complete certain exploration expenditures over a three-year period and make cash payments to Great Basin Resources Inc. In the event that HGU fails to exercise the HGU Option in accordance with the Hercules Option Agreement, the Company may elect to receive an assignment of HGU’s rights and benefits under the Hercules Option Agreement and to assume certain of HGU’s remaining obligations under the Hercules Option Agreement as may be outstanding at such time. The term of the HGU Option is the earlier of the date of exercise of the HGU Options, the termination of the Hercules Option Agreement or 12 years from the Listing Date.

Pursuant to the Hercules Option Agreement, the Company terminated the existing option, and lease, and transferred the existing data to HGU. The Company has recorded the receipt of the \$325,000 paid by Eclipse as a recovery to the property. No value was originally assigned to the Eclipse shares as they are contingently issuable by Eclipse pursuant to the option agreement.

On February 12, 2021, the Company entered into an amending agreement with Great Basin Resources Inc., Eclipse, Hercules, and Elevation Gold Mining Corporation (“Elevation Gold”) to add Elevation Gold as a party to the agreement and to agree that rather than Eclipse issuing to the Company the remaining option shares, Elevation Gold will issue to the Company 3,270,000 pre-consolidation common shares as follows:

- a) 1,090,000 on February 28, 2021; (received on February 23, 2021 valued at \$490,500)
- b) 1,090,000 on February 28, 2022; (received 181,667 post-consolidation shares on February 28, 2022 valued at \$118,084) and
- c) 1,090,000 on February 28, 2023. (received 181,667 post-consolidation shares on February 15, 2023 valued at \$34,517)

Shares received were recorded as a gain on disposal of the Hercules property.



# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

**Bonnie Claire Lithium** - In December 2015, the Company entered into a Property Option Agreement ("Bonnie Claire Option Agreement") with a party related by virtue of a common director to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

The Company earned its 100% interest in the property by paying US \$96,500 and incurring expenditures totaling US \$1,300,000.

In January 2018, the Company entered into an exclusive definitive licensing agreement with St-Georges Eco-Mining Corp. ("St-Georges"), a non-arm's length transaction by virtue of a common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants the Company the exclusive right to a site license within the state of Nevada, to use St-Georges' proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, St-Georges has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, the Company agreed to issue St-Georges a total of 5,000,000 common shares in stages over a 36-month period, subject to performance benchmarks. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively.

In July 2019, St-Georges completed a performance benchmark resulting in the Company issuing 2,000,000 common shares with a value of \$234,000 to St-Georges. The shares will remain in escrow for three years.

During the period ended May 31, 2024, the Company has recorded a total of \$258,569 (August 31, 2023 - \$251,607) to performance shares issuable to record the fair value of the performance shares issuable should the performance benchmarks be achieved. The Company has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with St-Georges' technologies. The Company is entitled to receive 20% of royalties received by St-Georges from other operations within a specified area.

On November 30, 2020, the Company and its wholly owned subsidiary, Bonaventure entered into an option agreement ("NL Option Agreement") and subsequently amended agreement with Nevada Lithium Corp., which provides for the earn-in by Nevada Lithium Corp. of up to a 50% interest in the Bonnie Claire lithium property and the subsequent formation of a joint venture among the Company, Bonaventure, and Nevada Lithium ("NL Joint Venture").

On November 30, 2020, the Company entered into an agreement to amend the Bonnie Claire option agreement dated December 8, 2015 so as to: (i) reduce the 4.5% NSR royalty to 2.0% payable to the vendor of the Bonnie Claire option agreement, and remove the right of the Company to buy back any portion of the NSR.

Pursuant to the NL Option Agreement, Nevada Lithium Corp. may exercise the option in three stages by funding US\$5,600,000 (received) in cumulative exploration expenditures on the Bonnie Claire property. Upon the exercise of the options, Nevada Lithium has fully earned its option for an aggregate 50% ownership in the Bonnie Claire property.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

### Bonnie Claire Lithium – Disposition

On March 24, 2023, the Company and Nevada Lithium Corp. entered into a definitive arrangement agreement, whereby Nevada Lithium Corp. will acquire the remaining 50% interest in the Bonnie Claire property by way of a plan of arrangement, which was completed on July 10, 2023.

Pursuant to the completion of the arrangement, Nevada Lithium issued an aggregate of 66,912,827 common shares as consideration for the arrangement, of which 60,221,528 shares valued at \$18,969,781 were distributed to the shareholders of the Company, and 6,691,299 shares were received by the Company valued at \$2,107,759.

During the year ended August 31, 2023, the Company recorded a net gain on disposal of \$18,624,214 being the proceeds in excess of property carrying value and refundable reclamation bond, and Nevada Lithium also paid \$497,282 to the Company for a structuring fee.

Nevada Lithium also issued an aggregate of 4,000,000 warrants to the Company at an exercise price of \$0.20 per share for two years from the closing of the arrangement. The value of the warrants was \$882,665 and included as a gain on disposal of the Bonnie Claire property. The fair value of the warrants was based on the following assumptions: share price at issue date of \$0.315; exercise price of \$0.20; expected life of 2 years; expected volatility of 118%; risk free interest rate of 4.74%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

As at May 31, 2024, the Company recorded \$nil (2023 - \$183,411) management fee income from the Bonnie Claire property during the period ended May 31, 2024.

At May 31, 2024, included in receivables of \$338,891 (August 31, 2023 - \$335,191) was for a refundable reclamation bond pursuant to the disposal of Bonnie Claire.

**Smith Creek Lithium** - In October 2016, the Company entered into an option agreement with a company related by virtue of a common director to acquire a 100% interest in certain mining claims in Nevada. The Company may earn its 100% interest by: (a) reimbursing the vendor for all documented expenses, US \$40,000; (b) expending initial and annual claim filing fees and expenses estimated at US \$193,000; and (c) also expending for exploration in the first year US \$200,000, second year US \$500,000, third year US \$500,000 and fourth year US \$1,000,000, totaling US \$2,000,000. The optionor has agreed to suspend the commitments under the option until additional funding is received to advance the property.

On November 4, 2022, the Company entered into a binding term sheet with Lithium of Nevada Pty Ltd. (“Lithium of Nevada”), to grant to Lithium of Nevada the option to earn up to a 50% interest in the Company’s Smith Creek lithium property.

In February 2023, the Company and Lithium of Nevada entered into a definitive property option agreement. Pursuant to the definitive agreement, Lithium of Nevada can exercise the option by making cash earn-in payments to the Company in the aggregate amount of US\$5,600,000. The earn-in payments will be used to fund work programs on the Smith Creek property during the term of the option and will be payable as follows:

- US\$1,750,000 on or before March 19, 2023 (received an aggregate amount of US\$533,333);
- US\$1,250,000 on or before May 31, 2023;
- US\$1,500,000 on or before June 30, 2023;
- US\$1,100,000 on or before September 30, 2023.

In August 2023, the option agreement was terminated when Lithium of Nevada failed to fund the first expenditure funding commitment within the time periods set out in the option agreement. During the year ended August 31, 2023, the Company recorded a gain of \$106,426 on the transaction termination.

As at May 31, 2024, the Company posted a reclamation bond of \$26,316 (August 31, 2023 - US\$26,027).

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

**Grass Valley Lithium** – on August 19, 2023, the Company signed a letter of intent with a party related by virtue of a common director to acquire 100% interest in the Grass Valley lithium property located in Lander County, Nevada.

In consideration of the option to the Company to acquire 100% interest in the property, the Company will commit to exploration expenditures of US\$200,000 in 12 months. The Grass Valley property is subject to 3% NSR. The Company has the option to reduce the NSR to 2% for a cash payment of US\$1,000,000.

During the year ended August 31, 2023, the Company paid claims fees of \$239,276 (US\$177,231).

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2024	August 31, 2023
	- \$ -	- \$ -
Trade payables	540,304	597,655
Amounts due to related parties (Note 8)	511,069	350,495
Accrued liabilities	365,615	415,448
	1,416,988	1,363,598

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company. During the periods ended May 31, 2024 and 2023, transactions with key management were as follows:

	2024	2023
	- \$ -	- \$ -
Management fees paid or accrued to the CEO and CFO	79,015	77,206
Fees paid or accrued to the CEO or Company under control by CEO included in exploration and evaluation assets	1,220	61,422
Consulting fees and business development services paid or accrued to a company controlled by the corporate manager	36,000	49,500
Consulting fees to a company controlled by director	36,000	49,500
Fees paid or accrued to a company controlled by the corporate manager for office administration and accounting	112,500	112,500
Fees paid or accrued to a company controlled by the corporate manager for business development	135,000	135,000
Share-based compensation	32,192	416,092
Total	431,927	901,220

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2024

## 8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd...)

The amounts due to key management personnel as at May 31, 2024 and August 31, 2023 were as follows:

	May 31, 2024	Aug.31, 2023
	- \$ -	- \$ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	257,921	144,183
Included in accounts payable are amounts due to a company controlled by the CFO	2,100	-
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO	251,048	206,312
Total	511,069	350,495

During the year ended August 31, 2023, the Company issued 3,802,017 common shares at a fair value of \$475,252 to settle an aggregate of \$684,857 of indebtedness owed to a director and a company controlled by the director (Note 10).

As at May 31, 2024, \$nil (August 31, 2023 - \$18,576) was prepaid to the corporate manager, and \$105,054 (August 31, 2023 - \$103,325) advanced to the company controlled by the corporate manager.

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the periods ended May 31, 2024 and 2023, were as follows:

	2024	2023
	- \$ -	- \$ -
Short-term employee benefits – management, administrative, and consulting fees	151,015	176,206
Share-based compensation	32,192	416,092

## 9. LONG-TERM LIABILITIES

Pursuant to debt settlements reached with certain creditors during fiscal 2010, the Company agreed to repay their debts pro-rata at an aggregate amount of ten percent from the gross proceeds of future share financings plus twenty percent of any warrants exercised. The debts are unsecured and non-interest bearing. The total amount of debt subject to the agreements was \$3,613,433.

On March 15, 2023, the Company entered into a debt settlement agreement for the remaining undiscounted principal of \$2,000,000 long-term debt by the issuance of 11,001,100 shares of the Company at a fair value of \$1,375,138 (Note 10).

During the period ended May 31, 2024, the Company recorded an interest expense related to accretion of \$nil (2023 - \$345,366).

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

## 10. SHARE CAPITAL AND RESERVES

### 2023 Transactions

On December 12, 2022, 2,500,000 common shares were cancelled due to incomplete transfer of funds for warrants exercise included as subscription receivable as at August 31, 2022.

On June 30, 2023, the Company issued a total of 17,263,273 common shares at a fair value of \$2,157,910 to settle \$3,127,157 outstanding debt resulting in a gain on settlement of \$658,488 (Note 8 and 9).

### Stock options

The Company's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

### Share-based payment

On September 7, 2022, a total of 8,000,000 stock options were granted to purchase common shares. exercisable on or before September 7, 2025, at an exercise price of \$0.11 per share. The estimated grant date fair value of these options was \$564,193.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.11; expected life of 3 years; expected volatility of 121%; risk free interest rate of 3.57%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On November 7, 2023, the Company amended an aggregate of 8,000,000 incentive stock options previously granted on September 7, 2022 to reduce the exercise price to \$0.05 per share from \$0.11. The estimated grant date fair value of these options was \$43,650.

	May 31, 2024		August 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	8,000,000	\$ 0.11	10,250,000	\$ 0.15
Options granted	-	-	8,000,000	0.11
Options expired	-	-	(10,250,000)	0.15
Options outstanding, end of the period	8,000,000	\$ 0.05	8,000,000	\$ 0.11
Options exercisable, end of the period	8,000,000	\$ 0.05	8,000,000	\$ 0.11

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 10. SHARE CAPITAL AND RESERVES (cont'd...)

On September 2, 2022, 7,250,000 stock options expired unexercised.

On February 4, 2023, 3,000,000 stock options expired unexercised.

In connection to an exclusive definitive licensing agreement with St-Georges (Note 6), as of May 31, 2024, the Company has recorded the cumulative fair value of performance shares issuable as \$258,569 (August 31, 2023 - \$251,607) based on meeting certain future performance benchmarks.

### Warrants

There were no warrants outstanding as at May 31, 2024 and August 31, 2023, and no transactions during the periods then ended.

## 11. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of properties.

Geographic information is as follows:

	United States
Exploration and evaluation assets	- \$ -
At August 31, 2023	1,270,767
At May 31, 2024	1,288,126

## 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. 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 shares, acquire or dispose of assets or adjust the amount of cash.

The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. There are no externally imposed capital requirements.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2024

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## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Financial Instruments

The fair value of investments (shares) is measured using level 1 of the fair value hierarchy. Investments (warrants) are measured using level 2 of the fair value hierarchy. The carrying values of cash, restricted cash, receivables, accounts payable and accrued liabilities approximate fair values because of the short-term nature of these instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of long-term debt differed from the fair value which was estimated based on discounted future cash flows using the Company's estimated risk-free rate of interest.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

#### *Credit Risk*

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash and restricted cash are invested in established Canadian and US banking and federal institutions and collection of receivables is primarily due from government agencies.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by endeavoring to maintain sufficient cash to meet its anticipated operational needs. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short term and long-term obligations. At May 31, 2024, the Company had a working capital deficit of \$243,276 (August 31, 2023 - \$1,629,206 working capital) and is seeking additional financing.

#### *Currency risk*

The Company operates in Canada and the United States. At May 31, 2024, the Company had foreign exchange risk with respect to US accounts payable of CAD \$829,087 (August 31, 2023 - CAD \$974,231). If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$8,291 (August 31, 2023 - \$9,742) for the period ended May 31, 2024.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal risk as it does not carry interest bearing debt.

# Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2024

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## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

### *Commodity price risk*

The ability of the Company to find and explore exploration and evaluation assets and the future profitability of the Company are directly related to the market price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

### **Risk management**

The Company conducts business in Canada and the United States giving rise to exposure to market risks from changes in foreign currency rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations. The Company is not exposed to significant credit concentration risk or interest rate risk.