

FORGE RESOURCES CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended November 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	November 30, 2024 \$	August 31, 2024 \$
ASSETS			
Current assets			
Cash		170,630	344,036
Sales tax receivable		276,032	266,648
Exploration advances		-	66,017
Prepays		158,791	253,168
Total current assets		605,453	929,869
Non-current assets			
Exploration and evaluation assets	5	3,713,129	3,611,966
Investment in associate	6	2,795,819	2,777,150
Total non-current assets		6,508,948	6,389,116
TOTAL ASSETS		7,114,401	7,318,985
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities		149,559	113,824
Due to related parties	9	22,709	51,907
Total current liabilities		172,268	165,731
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	7	22,275,058	22,263,858
Reserves	7	4,868,450	3,793,528
Accumulated other comprehensive income (loss)		6,136	(50,602)
Deficit		(20,207,511)	(18,853,530)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		6,942,133	7,153,254
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		7,114,401	7,318,985

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

"Cole McClay"

Director

"Greg Bronson"

Director

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

FORGE RESOURCES CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

For the three months ended November 30, 2024 and 2023

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
EXPENSES			
Consulting	9	137,772	36,000
Foreign exchange		244	(19,628)
Marketing		36,287	-
Office and administration		18,232	34,262
Professional fees	9	28,551	16,837
Rent		9,000	9,000
Stock-based compensation	7,9	1,074,922	898,709
Transfer agent and filing fees		10,904	10,087
		(1,315,912)	(985,267)
OTHER ITEMS			
Share of loss from associate	6	(38,069)	-
NET LOSS FOR THE PERIOD		(1,353,981)	(985,267)
Other comprehensive income			
Share of other comprehensive income from associate		56,738	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(1,297,243)	(985,267)
Basic and diluted loss per share		(0.02)	(0.02)
Weighted average number of shares outstanding –			
Basic and diluted		82,848,541	62,609,205

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

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended November 30, 2024 and 2023

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(1,353,981)	(985,267)
Item not involving cash:		
Share of loss from associate	38,069	-
Stock-based compensation	1,074,922	898,709
Changes in non-cash working capital:		
Sales tax receivable	(9,384)	(58,516)
Prepays	94,377	5,097
Accounts payable and accrued liabilities	6,451	(62,611)
Due to related parties	(29,198)	58,136
Net cash used in operating activities	(178,744)	(144,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(5,862)	(647,126)
Net cash used in investing activities	(5,862)	(647,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	11,200	-
Private placement	-	830,000
Share issuance costs	-	(18,920)
Net cash provided by financing activities	11,200	811,080
Change in cash	(173,406)	19,502
Cash, beginning of period	344,036	34,546
CASH, END OF PERIOD	170,630	54,048

Supplemental Cash Flow Information (Note 13)

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

FORGE RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the three months ended November 30, 2024 and 2023

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Note	Number of Shares	Capital Stock \$	Obligation to Issue Shares \$	Reserves \$	Accumulated Other Comprehensive Income (Loss) \$	Deficit \$	Total \$
Balance as at August 31, 2023		61,548,436	12,572,811	6,500	2,418,074	-	(15,731,998)	(734,613)
Private placements		3,320,000	830,000	-	-	-	-	830,000
Shares issued for the finders of exploration assets		50,000	24,000	(6,500)	-	-	-	17,500
Shares issued for finder's fees		200,000	96,000	-	-	-	-	96,000
Share issue costs – cash		-	(18,920)	-	-	-	-	(18,920)
Stock-based compensation		-	-	-	802,709	-	-	802,709
Net loss for the period		-	-	-	-	-	(985,267)	(985,267)
Balance as at November 30, 2023		65,118,436	13,503,891	-	3,220,783	-	(16,717,265)	7,409
Balance as at August 31, 2024		82,825,244	22,263,858	-	3,793,528	(50,602)	(18,853,530)	7,153,254
Exercise of warrants		40,000	11,200	-	-	-	-	11,200
Stock-based compensation		-	-	-	1,074,922	-	-	1,074,922
Other comprehensive income		-	-	-	-	56,738	-	56,738
Net loss for the period		-	-	-	-	-	(1,353,981)	(1,353,981)
Balance as at November 30, 2024		82,865,244	22,275,058	-	4,868,450	6,136	(20,207,511)	6,942,133

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

FORGE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended November 30, 2024

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Forge Resources Corp. (the “Company”) was incorporated on August 21, 2014 under the Business Corporations Act of British Columbia. The head office of the Company is 1050 - 12471 Horseshoe Way, Richmond, BC, V7A 4X6. The registered and records office is Suite 700, 401 W Georgia St, Vancouver, BC, V6B 5A1. The common shares of the Company are listed on the Canadian Securities Exchange (“CSE”) under the symbol “FRG”, on the OTCQB under the symbol “FRGGF” and on the Frankfurt Stock Exchange (“FSE”) under the symbol “5YZ”.

The Company is in the business of the exploration and development of natural resource properties in Canada and Colombia.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2024, the Company has not generated any revenues from operations, has a working capital of \$433,185 and accumulated deficit of \$20,207,511.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management assesses that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

If the going concern assumption is not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the classifications used could be material.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on January 27, 2025.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared using accounting policies in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting using the principles of International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements include the accounts of the Company and its formerly wholly owned subsidiary in its comparatives. The Company's former subsidiary is Benjamin Hill Mining Company SA de CV (formerly Mojave Gold SA De CV), which was incorporated in Mexico on October 14, 2020. A subsidiary is any entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity; is exposed to variable returns in connection with its interest in the entity; and a linkage exists between this power and exposure to variable returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. The Company disposed of its former subsidiary on February 19, 2024.

All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

The condensed consolidated interim financial statements are presented in Canadian Dollars, which is also the Company and its former subsidiary's functional currency, unless otherwise indicated.

FORGE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended August 31, 2024.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended August 31, 2024.

5. EXPLORATION AND EVALUATION ASSETS

	Alotta Property, Yukon \$	Total \$
Balance – August 31, 2023	557,027	557,027
Acquisition costs:	95,500	95,500
Exploration costs:		
Consulting fees	72,000	72,000
Drilling	2,911,870	2,911,870
Office, miscellaneous and travel	5,594	5,594
	2,989,464	2,989,464
Cost recoveries	(30,025)	(30,025)
Balance – August 31, 2024	3,611,966	3,611,966
Exploration costs:		
Consulting fees	18,000	18,000
Drilling	82,158	82,158
Office, miscellaneous and travel	1,005	1,005
Balance – November 30, 2024	3,713,129	3,713,129

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Alotta Property, Yukon, Canada

During the year ended August 31, 2023, the Company entered into an option agreement (the “Agreement”) with Strategic Metals Ltd. for an option right to earn an undivided 60% joint venture interest in the Alotta project located in the Whitehorse mining district, Yukon.

The option may be exercised by making cash payments in aggregate of \$500,000 within five years of the execution of the agreement as follows:

- (i) \$25,000 upon execution of this agreement by all parties (paid);
- (ii) \$25,000 on or before July 1, 2023 (paid);
- (iii) \$50,000 on or before January 17, 2024 (paid);
- (iv) \$100,000 on or before January 17, 2025 (paid subsequent to November 30, 2024);
- (v) \$100,000 on or before January 17, 2026;
- (vi) \$100,000 on or before January 17, 2027; and
- (vii) \$100,000 on or before January 17, 2028.

The Company must also incur aggregate expenditures of \$11,000,000 over five years, as follows:

- (i) \$500,000 on or before December 31, 2023 (incurred);
- (ii) \$1,500,000 on or before December 31, 2024 (incurred);
- (iii) \$2,500,000 on or before December 31, 2025;
- (iv) \$3,000,000 on or before December 31, 2026; and
- (v) \$3,500,000 on or before December 31, 2027.

In connection with the agreement, the Company has entered into a finder’s fee agreement with a third party for up to 300,000 common shares of the Company, in installment amounts due concurrent with cash payments payable under the option agreement during the first three years of the term of the agreement as detailed below (issued 100,000 common shares during the year ended August 31, 2024, which 50,000 was due at August 31, 2023 and accrued at a fair value of \$6,500 as an obligation to issue shares, Note 7).

- (i) 25,000 upon execution of this agreement by all parties (issued);
- (ii) 25,000 on or before July 1, 2023 (issued);
- (iii) 50,000 on or before January 17, 2024 (issued);
- (iv) 100,000 on or before January 17, 2025 (issued subsequent to November 30, 2024);
- (v) 100,000 on or before January 17, 2026;

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Notes to the Condensed Consolidated Interim Financial Statements

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6. INVESTMENT IN ASSOCIATEDetails of material associate

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
Aion Mining Corp. ("Aion")	Mineral exploration	British Columbia, Canada Branch office in Bogota, Colombia	November 30, 2024 46.07%	August 31, 2024 46.07%

The following table is a reconciliation of the carry value of the investment in Aion:

Balance, August 31, 2023	\$ -
Share consideration	1,462,755
Cash consideration	1,500,000
	2,962,755
Adjustments to carrying value	(185,605)
Balance, August 31, 2024	2,777,150
Adjustments to carrying value	18,669
Balance, November 30, 2024	\$ 2,795,819

Step acquisition of Aion

On December 13, 2023, the Company signed a definitive agreement with Aion to complete the Company's acquisition of a 24.26% economic interest in Aion. Pursuant to the agreement, the Company acquired common shares of Aion representing a 24.26% economic interest. In consideration, the Company provided Aion with the following: \$500,000 in cash on closing (paid); and 1,602,565 common shares of the Company at a fair value of \$633,013 (issued).

On April 15, 2024, the Company acquired common shares of Aion to bring the total ownership to a 46.07% economic and voting interest. In consideration, the Company provided Aion with the following: \$1,000,000 in cash on closing (paid); and 1,508,621 common shares of the Company at a fair value of \$829,742 (issued).

The Company was also granted a right of first refusal for two years, allowing it to purchase common shares in Aion to offset any further issuances by Aion of securities, to allow the Company the opportunity to maintain its 40% economic and voting interest.

Aion is a non-arm's length party to the Company by reason of sharing a common director, Cole McClay.

The Company has determined that it exercises significant influence over Aion and accounts for this investment using the equity method of accounting.

During the period ended November 30, 2024 the Company recorded its proportionate share of Aion's net loss of \$38,069 (year ended August 31, 2024 - \$135,002) and comprehensive income of \$56,738 (year ended August 31, 2024 – comprehensive loss of \$50,602) on the consolidated statements of loss and comprehensive loss.

During the period ended November 30, 2024, the Company entered into a non-binding letter of intent (the "LOI") with Aion outlining the general terms and conditions of a proposed transaction whereby the Company will acquire a further interest in Aion to bring the Company's total shareholdings in Aion to 60% on a post-closing, fully-diluted basis (the "Proposed Transaction").

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Notes to the Condensed Consolidated Interim Financial Statements

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6. INVESTMENT IN ASSOCIATE (CONTINUED)

In consideration of additional shares of Aion, the Company will pay \$5,000,000, comprised of the following:

- (i) \$4,000,000 in cash on closing; and
- (ii) \$1,000,000 in common shares of the Company at a price per share equal to the closing of the share price of the Company on the closing date of the Proposed Transaction.

7. CAPITAL STOCK

a) Authorized

Unlimited common and preferred shares without par value.

b) Share issuance details

Share capital transactions during the period ended November 30, 2024 were as follows:

- Issued 40,000 common shares from the exercise of warrants for proceeds of \$11,200.

Share capital transactions during the year ended August 31, 2024 were as follows:

- Issued 3,996,205 common shares from the exercise of warrants for proceeds of \$1,218,013.
- Issued 350,000 common shares from the exercise of stock options for proceeds of \$91,000 and transferred a fair value of \$79,319 from reserves to share capital in relation to the exercise.
- Closed a non-brokered private placement comprising of 2,480,000 flow-through units ("FT Unit") at \$0.25 per FT Unit for proceeds of \$620,000 and 840,000 non-flow-through units ("NFT Unit") at \$0.25 per NFT Unit for proceeds of \$210,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of \$0.28 per share for a period of three years from the date of issuance. Each NFT Unit consists of one common share and one NFT Warrant which will enable the holder to purchase one common share of the Company at a price of \$0.28 per share for a period of three years from the date of issuance. The Company paid \$18,919 of cash share issuance costs in relation to the financing.
- Issued 1,159,167 common shares with a fair value of \$776,642 to settle debt totalling \$741,868 for a loss on settlement of debt in the amount of \$34,775.
- Closed a private placement comprising of 8,352,750 units at \$0.64 per unit for proceeds of \$5,345,760. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.80 per share for a period of three years from the date of issuance. Upon closing of the private placement, the Company paid to the agent a cash commission of \$305,746 and issued 500,727 non-transferrable compensation warrants exercisable at \$0.64 for two years from the closing date at a fair value of \$135,136 calculated using the Black Scholes Pricing Model. Each compensation warrant consists of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.80 per share for a period of three years from the date of issuance of the compensation warrants. The Company paid an additional \$243,999 in cash share issuance costs in relation to the financing.
- Issued 100,000 common shares at a fair value of \$52,000 in connection with finder's fee agreement for the Company's Alotta property (Note 5) of which \$6,500 was recorded as an obligation to issue shares during the year ended August 31, 2023.
- Issued 200,000 common shares at a fair value of \$96,000 in connection with a finder's fee agreement.
- Issued 3,111,186 shares at a fair value of \$1,462,755 for an investment in associate (Note 6).
- Closed a non-brokered private placement comprising of 687,500 flow-through units ("FT Unit") at \$0.80 per FT Unit for proceeds of \$550,000. Each FT Unit consists of one flow-through common share and one non-flow-through share purchase warrant ("NFT Warrant"). Each NFT Warrant entitles the holder to acquire an additional non-flow-through common share of the Company at a price of \$1.10 per share for a period of one year from the date of issuance. The Company paid \$30,000 of cash share issuance costs in relation to the financing and 37,500 finder's warrant under the same terms at a fair value of \$7,892 calculated using the Black Scholes Pricing Model.

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Notes to the Condensed Consolidated Interim Financial Statements

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7. CAPITAL STOCK (CONTINUED)**c) Stock options**

The Company's plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares. No stock option granted under the plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

A summary of the Company's outstanding share purchase options and the changes during the period are presented below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance – August 31, 2023	5,299,210	0.50
Granted	4,790,000	0.29
Cancelled/expired	(1,575,105)	0.53
Exercised	(350,000)	0.26
Balance – August 31, 2024	8,164,105	0.40
Granted	2,500,000	0.48
Cancelled/expired	(725,000)	0.51
Balance – November 30, 2024	9,939,105	0.41

Number of Options outstanding	Exercise Price (\$)	Expiry Date	Number of options exercisable
25,000	0.50	April 14, 2025	25,000
444,105	0.25	July 22, 2025	444,105
1,300,000	0.26	November 1, 2025	1,300,000
1,550,000	0.59	February 25, 2026	1,550,000
980,000	0.44	February 21, 2027	980,000
2,250,000	0.26	November 1, 2028	2,250,000
500,000	0.53	January 22, 2029	500,000
390,000	0.64	June 3, 2029	390,000
2,500,000	0.48	September 4, 2029	2,500,000
9,939,105			9,939,105

d) Stock-based compensation

During the period ended November 30, 2024, the Company granted 2,500,000 stock options at an exercise price of \$0.48 per share. The total stock-based compensation recognized on stock options granted during the period ended November 30, 2024 was \$1,074,922.

During the year ended August 31, 2024, the Company granted 4,790,000 stock options at a weighted average exercise price of \$0.29 per share. The total stock-based compensation recognized on stock options granted during the year ended August 31, 2024 was \$1,242,995.

The weighted average fair value of each stock option granted during the period ended November 30, 2024 was \$0.43 (year ended August 31, 2024 - \$0.21), calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Period ended November 30, 2024	Year ended August 31, 2024
Risk-free interest rate	2.83%	4.12%
Expected life of option	5 years	3.87 years
Expected dividend yield	0%	0%
Expected stock price volatility	134.41%	129.94%

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7. CAPITAL STOCK (CONTINUED)**e) Share purchase warrants**

A summary of the Company's outstanding share purchase warrants and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding – August 31, 2023	8,530,706	0.38
Issued	12,360,250	0.68
Expired	(3,906,135)	0.50
Exercised	(3,996,205)	0.30
Outstanding – August 31, 2024	12,988,616	0.65
Exercised	(40,000)	0.28
Outstanding – November 30, 2024	12,948,616	0.65

Expiry Date	Number of Warrants	Exercise Price (\$)
June 27, 2025	687,500	1.10
July 14, 2025	1,083,366	0.20
November 1, 2026	2,825,000*	0.28
March 26, 2027	8,352,750	0.80
	12,948,616	

*Subsequent to November 30, 2024, 20,000 warrants were exercised for proceeds of \$5,600.

f) Finder's Warrants

A summary of the Company's outstanding finder's warrants and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding – August 31, 2023	-	-
Issued	538,227	0.67
Outstanding – August 31, 2024 and November 30, 2024	538,227	0.67

Expiry Date	Number of Warrants	Exercise Price (\$)
March 26, 2026	500,727*	0.64
June 27, 2025	37,500	1.10
	538,227	

*477,728 of the warrants are compensation warrants which consist of one common share and one share purchase warrant of the Company. Each warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.80 per share until March 26, 2027.

During the year ended August 31, 2024, the Company recognized \$143,028 in share issuance costs for 538,227 finder's warrants issued in the year.

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7. CAPITAL STOCK (CONTINUED)

f) Finder's Warrants (continued)

The weighted average fair value of the finder's warrant granted during the year ended August 31, 2024 was calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	2024
Risk-free interest rate	4.15%
Expected life of option	1.93 years
Expected dividend yield	0%
Expected stock price volatility	134.37%

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

During the year ended August 31, 2024, the Company issued two tranches of flow-through shares and estimated the value of the flow-through premium associated with those shares to be \$Nil.

The Company is obligated to incur the qualifying expenditures by December 31, 2025. As at November 30, 2024, the Company must spend another \$42,385 to satisfy its flow-through obligations.

9. RELATED PARTY TRANSACTIONS

During the period ended November 30, 2024, the Company incurred \$45,000 (2023 - \$21,000) in consulting fees from a company controlled by a director of the Company. As at November 30, 2024, \$17,459 (August 31, 2024 - \$18,257) was owing to this company.

During the period ended November 30, 2024, the Company incurred professional fees of \$15,000 (2023 - \$15,000) to a firm where an officer of the Company is a partner. As at November 30, 2024, \$5,250 (August 31, 2024 - \$5,250) was owing to this firm.

During the period ended November 30, 2024, the Company incurred exploration and evaluation expenses of \$18,000 (2023 - \$18,000) from a company controlled by the president of the Company. As at November 30, 2024, \$nil (August 31, 2024 - \$28,400) was owing to this company.

During the period ended November 30, 2024, the Company granted stock options to key management members valued at \$988,928 (2023 - \$589,229).

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of exploration and evaluation assets. The location of the Company's exploration and evaluation assets are disclosed in Note 5.

11. MANAGEMENT OF CAPITAL

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

FORGE RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended November 30, 2024

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISKS

Fair Value

The Company's financial instruments consist of cash, accounts payable and due to related parties. The fair value of all financial instruments approximate their carrying values. Cash is classified as fair value through profit and loss. Accounts payable and due to related parties are classified as amortized cost.

The Company's financial instrument is exposed to a number of risks that are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities.

The Company's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions. The Company manages its liquidity risk by continuously monitoring cash flow requirements relating to its anticipated exploration and evaluation activities as well as general overhead requirements. Liquidity risk is assessed as high.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances and amounts due from former director. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada.

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 the Company's cash is currently held in non-interest bearing bank account, management considers the interest rate risk to be minimal. The Company is not exposed to interest rate fluctuations.

Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's former Mexican subsidiary was exposed to currency risk as it incurred expenditures that were denominated in Mexican Pesos and United States Dollars while its functional currency is the Canadian Dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

A 5% change in the foreign exchange rate would result in an impact of approximately \$Nil (2023 - \$Nil) to the Company's net loss.

FORGE RESOURCES CORP.

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13. SUPPLEMENTAL CASH FLOW INFORMATION

There were no non-cash investing and financing activities during the period ended November 30, 2024.

Non-cash investing and financing activities during the year ended August 31, 2024:

- Issued 3,111,186 shares at a fair value of \$1,462,755 for an investment in associate.
- Issued 100,000 shares at a fair value of \$52,000 for an exploration and evaluation asset of which \$6,500 was previously recorded as an obligation to issue shares.
- Issued 200,000 shares at a fair value of \$96,000 for finder's fees, recorded to stock-based compensation.
- Transferred a fair value of \$79,319 from reserves to share capital on the exercise of stock options.
- Issued 538,227 finder's warrants at a fair value of \$143,028.
- Recorded a fair value of \$68,750 in the reserves related to the issuance of 687,500 warrants included in the flow-through units issuance closed on June 28, 2024.