

# **VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**

**Condensed Interim Consolidated Financial Statements**

**For the three and six months ended December 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended December 31, 2024 and 2023**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Valkea Resources Corp. for the interim periods ended December 31, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, D&H Group LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

February 28, 2025

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2024	June 30, 2024
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		1,433,294	83,684
Restricted cash		-	2,414,000
Amounts receivable	6	146,591	15,687
Prepaid expenses	7	187,760	85,783
		<b>1,767,645</b>	2,599,154
Deferred transaction costs		-	168,748
Reclamation bond		20,667	21,168
Equipment		11,964	13,079
Exploration and evaluation assets	5, 8	22,356,991	13,900,025
<b>Total assets</b>		<b>24,157,267</b>	16,702,174
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	9, 11	385,859	115,976
<b>Total liabilities</b>		<b>385,859</b>	115,976
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10(b)	41,482,925	31,259,203
Subscription receipts	10(b)	-	2,414,000
Warrant reserve		227,336	155,055
Option reserve		2,859,710	2,115,112
Accumulated other comprehensive income		11,903	-
Deficit		(20,810,466)	(19,357,172)
<b>Total shareholders' equity</b>		<b>23,771,408</b>	16,586,198
<b>Total liabilities and shareholders' equity</b>		<b>24,157,267</b>	16,702,174

Nature of operations and going concern (Note 1)

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

/s/ "Chris Donaldson"  
Chairman

/s/ "Ota Hally"  
Chief Financial Officer

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended December 31,		Six months ended December 31,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Operating expenses</b>					
Accounting and legal		54,689	31,877	101,409	37,329
Corporate development and marketing		158,325	13,483	268,452	25,141
Exploration expenses	8	-	8,076	662	97,788
Management and professional fees	11	96,857	56,876	199,056	175,401
Office and administrative	11	62,565	47,399	87,056	107,305
Share-based compensation	10, 11	434,793	3,300	744,598	3,300
Transfer agent, listing and filing fees		72,519	11,399	87,050	16,468
		<b>(879,748)</b>	<b>(172,410)</b>	<b>(1,488,283)</b>	<b>(462,732)</b>
<b>Other income (loss)</b>					
Foreign exchange loss		-	(37,642)	-	(5,403)
Interest income		16,383	9,555	34,989	23,734
<b>Net loss for the period</b>		<b>(863,365)</b>	<b>(200,497)</b>	<b>(1,453,294)</b>	<b>(444,401)</b>
Translation of foreign operations to presentation currency		<b>(87,825)</b>	-	<b>11,903</b>	-
<b>Comprehensive loss for the period</b>		<b>(951,190)</b>	<b>(200,497)</b>	<b>(1,441,391)</b>	<b>(444,401)</b>
<b>Net loss per share:</b>					
Basic and diluted		<b>(0.03)</b>	(0.03)	<b>(0.07)</b>	(0.08)
<b>Weighted average number of common shares:</b>					
Basic and diluted		<b>32,246,997</b>	5,837,050	<b>20,918,541</b>	5,837,050

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

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

	Six months ended December 31,	
	2024	2023
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(1,453,294)	(444,401)
Adjustment for:		
Share-based compensation	744,598	3,300
Changes in non-cash working capital:		
Amounts receivable	(57,301)	(731)
Prepaid expenses	(101,977)	37,769
Accounts payable and accrued liabilities	(23,275)	(94,263)
<b>Cash used in operating activities</b>	<b>(891,249)</b>	<b>(498,326)</b>
<b>Investing activities</b>		
Investments in exploration and evaluation assets	(107,488)	(196,221)
Cash acquired from the Transaction	17,936	-
Cash paid for the Transaction	(1,500,000)	-
Transaction costs paid for the Transaction	(1,012,904)	-
Reclamation bond	-	(340)
Purchases of equipment	-	(348)
<b>Cash used in investing activities</b>	<b>(2,602,456)</b>	<b>(196,909)</b>
<b>Financing activities</b>		
Proceeds from private placements	2,649,979	-
Unit issuance costs	(214,592)	-
Restricted cash released	2,414,000	-
<b>Cash provided by financing activities</b>	<b>4,849,387</b>	<b>-</b>
Effect of foreign exchange on cash and cash equivalents	(6,072)	-
Change in cash and cash equivalents	1,355,682	(695,235)
Cash and cash equivalents, beginning of period	83,684	1,312,361
<b>Cash and cash equivalents, end of period</b>	<b>1,433,294</b>	<b>617,126</b>
<b>Supplemental cash flow disclosures:</b>		
Interest paid in cash	-	-
Income taxes paid in cash	-	-
Cash interest earned on cash equivalents	34,989	-
Shares issued for acquisition of exploration and evaluation assets	5,500,000	-
Exploration and evaluation assets in accounts payable	286,843	-

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

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Subscription receipts	Warrant reserve	Option reserve	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, June 30, 2023	5,837,050	31,259,203	-	155,055	2,111,262	-	(18,551,361)	14,974,159
Share-based compensation	-	-	-	-	3,300	-	-	3,300
Net loss for the period	-	-	-	-	-	-	(444,401)	(444,401)
Balance, December 31, 2023	5,837,050	31,259,203	-	155,055	2,114,562	-	(18,995,762)	14,533,058
Subscription receipts issued for cash	-	-	2,414,000	-	-	-	-	2,414,000
Share-based compensation	-	-	-	-	550	-	-	550
Net loss for the period	-	-	-	-	-	-	(361,410)	(361,410)
Balance, June 30, 2024	5,837,050	31,259,203	2,414,000	155,055	2,115,112	-	(19,357,172)	16,586,198
Shares issued for acquisition of exploration and evaluation assets	13,750,000	5,500,000	-	-	-	-	-	5,500,000
Subscription receipts issued for cash	-	-	2,589,979	-	-	-	-	2,589,979
Units issued for cash	150,000	60,000	-	-	-	-	-	60,000
Conversion of subscription receipts to units	12,509,947	5,003,979	(5,003,979)	-	-	-	-	-
Unit issuance costs	-	(340,257)	-	72,281	-	-	-	(267,976)
Share-based compensation	-	-	-	-	744,598	-	-	744,598
Translation of foreign operations to presentation currency	-	-	-	-	-	11,903	-	11,903
Net loss for the period	-	-	-	-	-	-	(1,453,294)	(1,453,294)
<b>Balance, December 31, 2024</b>	<b>32,246,997</b>	<b>41,482,925</b>	<b>-</b>	<b>227,336</b>	<b>2,859,710</b>	<b>11,903</b>	<b>(20,810,466)</b>	<b>23,771,408</b>

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

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended December 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars)

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Valkea Resources Corp. (formerly Outback Goldfields Corp.) (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018 (under the name Skarb Exploration Corp.). In December 2020, the Company changed its name to Outback Goldfields Corp. On September 17, 2024, the Company changed its name to Valkea Resources Corp. The Company's head office is located at Suite 600 - 1111 Hastings Street, Vancouver, British Columbia, V6E 2J3. The Company's principal business activities include the acquisition and exploration of mineral property assets.

On February 13, 2019, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "SKRB". In December 2020, the Company's trading symbol on the CSE was changed to "OZ". In the year ended June 30, 2021, the Company began trading on the Frankfurt Exchange under the trading symbol "S600". In January 2022, the Company began trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "OZ". On November 14, 2024, the Company began trading on the OTCQB Venture Market under the ticker symbol "OZBKF".

These unaudited condensed interim consolidated financial statements for the three and six months ended December 31, 2024, and 2023 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2024, the Company had working capital of \$1,381,786 (June 30, 2024 - \$2,483,178) and an accumulated deficit of \$20,810,466 (June 30, 2024 - \$19,357,172). For the three and six months ended December 31, 2024, the Company incurred a net loss and comprehensive loss of \$951,190 and \$1,441,391, respectively (2023 - \$200,497 and \$444,401, respectively). The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On May 9, 2024, the Company entered into a Definitive Agreement with S2 Resources Limited ("S2") to acquire its Finnish exploration properties by purchasing all outstanding shares of the Acquiror's wholly owned subsidiary, Sakumpu Exploration Oy ("Sakumpu") (the "Transaction"). On September 18, 2024, the Company completed the Transaction (Note 5).

On September 17, 2024, the Company completed a consolidation of its common shares on a ten-to-one basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on February 28, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended June 30, 2024 and 2023 (the "Annual Financial Statements").

### **b) Basis of presentation**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards, as well as information presented in the condensed interim consolidated statements of cash flows.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended December 31, 2024 and 2023**  
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**2. BASIS OF PREPARATION (continued)**

**c) Functional and presentation currency**

The financial statements are presented in Canadian dollars (“\$” or “CAD”). The functional currency is the currency of the primary economic environment in which an entity operates and listed in Note 2(d) below. References to “AUD” are to Australian dollars, references to “EUR” are to Euros.

**d) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company’s subsidiaries included in these financial statements as at December 31, 2024 is as follows:

<b>Name of subsidiary</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activity</b>
Valkea Resources Corp.	Canada	100%	CAD	Holding company and head office function
Outback Goldfields Australia Pty Ltd (“Outback Australia”)	Australia	100%	AUD	Holding company
Sakumpu Exploration Oy <sup>(1)</sup>	Finland	100%	EUR	Holding company

(1) On September 18, 2024, the Company acquired a 100% interest in Sakumpu Exploration Oy.

**3. MATERIAL ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS**

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements, except for the following pronouncements which became effective for periods beginning on or after January 1, 2024 and have thus been applied effective for July 1, 2024:

Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Company’s disclosures of accounting policies as well as on the measurement, recognition or presentation of any items in the Company’s financial statements.

Classification of liabilities as current or non-current - amendments to IAS 1

Additionally, the Company assessed the impacts of the amendments to IAS 1 *Presentation of Financial Statements*, effective for periods beginning on or after January 1, 2024, which clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments had no impact on the Company’s financial statements.

Definition of accounting estimates - amendments to IAS 8

The amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company’s financial statements.

There were no other recent pronouncements applicable to the Company’s financial statements.

### **3. MATERIAL ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS (continued)**

On April 9, 2024, the International Accounting Standards Board issued IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

### **4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements under IFRS Accounting Standards requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed in its Annual Financial Statements.

### **5. ACQUISITION OF SAKUMPU EXPLORATION OY**

On September 18, 2024, the Company completed the Transaction whereby the Company acquired all of the issued and outstanding shares of Sakumpu from Norse Exploration Pty Ltd. (the "S2 Subsidiary"), an indirect wholly owned subsidiary of S2 pursuant to a share purchase agreement between the Company, the S2 Subsidiary, and S2 dated May 9, 2024 (the "Share Purchase Agreement"). Pursuant to the Share Purchase Agreement, the Company paid S2 \$1,500,000 in cash and issued 13,750,000 common shares of the Company at a fair value of \$0.40 per share to S2. As a result of the common shares issued to S2 and its common share ownership resulting from participation in private placements, S2 became the largest single shareholder of Valkea with an approximate 44.6% ownership at the time of the Transaction. Due to the significant shareholding in Valkea by S2, the TSXV viewed the Transaction as a reverse takeover of Valkea by S2.

The Company incurred transaction costs of \$1,128,268 comprised of legal fees and due diligence costs in connection with the Transaction, of which \$115,364 was incurred during the year ended June 30, 2024, and recorded in deferred transaction costs. Total transaction costs have been included as part of the total consideration in the Transaction.

Sakumpu did not qualify as a business under IFRS 3 *Business Combinations*, as it did not possess the significant inputs, processes, and outputs that together constitute a business at the time of acquisition. Therefore, the Transaction was accounted for as an asset acquisition. Accordingly, no goodwill was recorded and consideration measured at fair value was allocated to the assets and liabilities acquired.

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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(Unaudited - Expressed in Canadian dollars)

**5. ACQUISITION OF SAKUMPU EXPLORATION OY (continued)**

A summary of the Company's consideration and the net assets acquired from Sakumpu as at the September 18, 2024, acquisition date is as follows:

	\$
<b>Consideration:</b>	
Cash payments	1,500,000
Fair value of common shares issued to S2 (Note 10(b))	5,500,000
Transaction costs	1,128,268
	<b>8,128,268</b>
<b>Assets and liabilities acquired:</b>	
Cash	17,936
Amounts receivable	73,603
Exploration and evaluation assets	8,041,728
Equipment	1,316
Accounts payable and accrued liabilities	(6,315)
	<b>8,128,268</b>

The amount of \$8,041,728 allocated to the exploration and evaluation assets was allocated to the Finnish properties (Note 8(b)).

**6. AMOUNTS RECEIVABLE**

The Company's amounts receivable balance consists entirely of goods and services taxes receivable in Canada, Australia, and Finland.

**7. PREPAID EXPENSES**

A summary of the Company's prepaid expenses is as follows:

	December 31, 2024	June 30, 2024
	\$	\$
Director and management fees	36,706	-
Exploration expenses	-	15,650
Marketing and investor services	105,872	45,250
Office and administrative	31,655	14,120
Transfer agent, listing, and filing fees	13,527	10,763
	<b>187,760</b>	<b>85,783</b>

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
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**8. EXPLORATION AND EVALUATION**

A summary of the Company's exploration and evaluation assets are as follows:

	<b>Yeungroon property</b>	<b>Silver Spoon property</b>	<b>Finnish properties</b>	<b>Total</b>
	\$	\$	\$	\$
Balance, June 30, 2023	10,508,759	3,125,053	-	13,633,812
Chemical analysis	17,843	-	-	17,843
Geological services	59,031	28,994	-	88,025
Geophysical surveys	11,310	-	-	11,310
Materials and supplies	7,029	-	-	7,029
Project management	77,617	40,409	-	118,026
Recording and filing	15,294	4,315	-	19,609
Travel	3,961	410	-	4,371
Balance, June 30, 2024	10,700,844	3,199,181	-	13,900,025
Acquisition costs	-	-	8,041,728	8,041,728
Depreciation	1,676	479	-	2,155
Geological services	14,139	2,511	297,705	314,355
Project management	9,349	8,266	-	17,615
Travel	-	-	62,361	62,361
Currency translation	16,260	625	1,867	18,752
<b>Balance, December 31, 2024</b>	<b>10,742,268</b>	<b>3,211,062</b>	<b>8,403,661</b>	<b>22,356,991</b>

The Company does not capitalize expenditures on properties that were previously impaired. Expenditures on previously impaired properties are expensed. During the three months ended December 31, 2024, the Company did not incur any exploration expenses on previously impaired Ballarat West and Glenfine properties.

A summary of the Company's exploration expenses for the three months ended December 31, 2023 on previously impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	1,557	91	1,648
Project management	8	5	13
Recording and filing	20	6,395	6,415
	<b>1,585</b>	<b>6,491</b>	<b>8,076</b>

A summary of the Company's exploration expenses for the six months ended December 31, 2024 on previously impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	201	201	402
Project management	51	209	260
	<b>252</b>	<b>410</b>	<b>662</b>

A summary of the Company's exploration expenses for the six months ended December 31, 2023, on previously impaired properties is as follows:

	<b>Ballarat West property</b>	<b>Glenfine property</b>	<b>Total</b>
	\$	\$	\$
Geological services	17,183	67,318	84,501
Project management	1,778	1,019	2,797
Recording and filing	4,095	6,395	10,490
	<b>23,056</b>	<b>74,732</b>	<b>97,788</b>

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended December 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars)

**8. EXPLORATION AND EVALUATION (continued)**

**a) Finnish Properties**

On September 18, 2024, the Company completed the Transaction with S2 whereby the Company acquired all the issued and outstanding shares of Sakumpu. The acquisition of Sakumpu includes several exploration licenses, covering the Aarnivalkea mineral prospect within the Paana Central exploration license (collectively, the “Finnish Properties”). These licenses are wholly owned by Sakumpu. There is no minimum exploration expenditures required on the Finnish Properties although there are annual minimum landholder payments required.

**b) Victorian Gold Projects**

On December 3, 2024, the Company entered into a definitive agreement with S2, pursuant to which the Company has agreed to grant S2 the right (the “Option”) to acquire up to an 80% interest in the Company’s Yuengroon, Ballarat West and Silver Spoon tenements by sole-funding total expenditures of AUD \$1.2 million within four years. Upon exercise of the Option, S2 will hold an 80% interest in the Projects, and the Company will retain a 20% interest. If a party’s joint venture interest is diluted below 10%, it will automatically convert to a 2% net smelter return royalty.

The Victorian Gold Projects include Yeungroon property, Silver Spoon property, Ballarat West property, and Glenfine property.

The minimum exploration expenditure commitments associated with granted exploration licenses at the Victorian Gold Projects are as follows:

- \$419,800 for year ended June 30, 2025;
- \$317,300 for year ended June 30, 2026;
- \$25,000 for year ended June 30, 2027; and
- \$25,000 for the year ended June 30, 2028.

The Company has the flexibility to defer expenditures from one year to the next, and it is expected renewals of certain licenses will result in additional minimum expenditures.

Following a strategic evaluation of the Company’s four projects in the year ended June 30, 2023, it was determined that given existing plans and finances available for exploration, the priority of the Company is the Yeungroon and Silver Spoon properties. As a result, the Glenfine and Ballarat West properties were impaired in the year ended June 30, 2023 and any future expenditures are expensed. As a result, the minimum exploration expenditure commitments relate only to the Yeungroon property and Silver Spoon property and are as follows:

- \$70,400 for year ended June 30, 2025;
- \$66,900 for year ended June 30, 2026;
- \$51,100 for year ended June 30, 2027; and
- \$25,000 for the year ended June 30, 2028.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

A summary of the Company’s accounts payable and accrued liabilities is as follows:

	<b>December 31, 2024</b>	June 30, 2024
	\$	\$
Trade payables	<b>338,706</b>	85,292
Accrued liabilities	<b>47,153</b>	30,684
	<b>385,859</b>	115,976

**VALKEA RESOURCES CORP. (formerly Outback Goldfields Corp.)**  
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(Unaudited - Expressed in Canadian dollars)

**10. SHARE CAPITAL**

**a) Authorized share capital**

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

**b) Issued share capital**

During the six months ended December 31, 2024, the Company had the following share capital transactions:

- On September 5, 2024, the Company closed a private placement for gross proceeds of \$60,000 by issuing 150,000 units at a price of \$0.40 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.60 per common share until September 5, 2027. The gross proceeds from the units were allocated using the residual value method whereby the proceeds were allocated to the common shares based on the market value at the date of issuance and the remaining proceeds were allocated to the warrants and recognized in warrant reserve. As the fair value of the common shares on the issuance date was equivalent to the cash proceeds, \$nil residual value was allocated to the share purchase warrants. In connection with this private placement, the Company paid cash finders' fees of \$3,700 and issued 9,000 finders' warrants with an aggregate fair value of \$2,566. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.40 until September 5, 2027. The finders' warrants were valued using the Black-Scholes option pricing model with a corresponding amount added to warrant reserve.
- On September 18, 2024, the Company issued 13,750,000 common shares at a fair value of \$0.40 per share to S2 for a total fair value of \$5,500,000 as a part of the consideration for the Transaction.
- On September 18, 2024, upon closing of the Transaction, 12,509,947 subscription receipts of the Company issued on June 21, 2024, and September 16, 2024 (Note 10(f)) were converted into 12,509,947 units of the Company. Each unit consists of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at a price of \$0.60 per common share until September 18, 2027. The gross proceeds of \$5,003,979 were allocated using the residual value method whereby the proceeds were allocated to the common shares based on the market value at the date of issuance with remaining proceeds allocated to the warrants and recognized in warrant reserve. As the fair value of the common shares on the issuance date was equivalent to the cash proceeds, \$nil residual value was allocated to the share purchase warrants. In connection with the issuance of subscription receipts that subsequently converted to units, the Company incurred unit issuance costs of \$333,991, of which \$53,384 was incurred during the year ended June 30, 2024 and recorded in deferred transaction costs. Unit issuance costs were comprised of cash finders' fees of \$121,113, cash issuance costs of \$143,163 and the issuance of 268,800 finders' warrants with an aggregate fair value of \$69,715. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.60 per share until September 18, 2027. The finders' warrants were valued using the Black-Scholes option pricing model. with a corresponding amount added to the warrant reserve.

During the year ended June 30, 2024, the Company did not have any share capital transactions.

**c) Warrants**

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, June 30, 2024 and 2023	-	-
Issued	12,937,747	0.60
<b>Balance, December 31, 2024</b>	<b>12,937,747</b>	<b>0.60</b>

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**10. SHARE CAPITAL (continued)**

A summary of the Company's warrants outstanding as at December 31, 2024 is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
September 5, 2027	9,000	0.40	2.68
September 5, 2027	150,000	0.60	2.68
September 18, 2027	12,778,747	0.60	2.72
	<b>12,937,747</b>	<b>0.60</b>	<b>2.71</b>

During the six months ended December 31, 2024, the Company had the following warrant transactions:

- In connection with the private placement closed on September 5, 2024, the Company issued 150,000 common share purchase warrants. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.60 per common share until September 5, 2027.
- In connection with the private placement closed on September 5, 2024, the Company issued 9,000 finders' warrants with an aggregate fair value of \$2,566, which were valued using the Black-Scholes option pricing model with a corresponding amount added to the warrant reserve. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.40 per share until September 5, 2027.
- On September 18, 2024, upon closing of the Transaction, 12,509,947 subscription receipts of the Company issued in the private placements that closed on June 21, 2024 and September 16, 2024 (Note 10(f)) were converted into 12,509,947 units of the Company. As a result, 12,509,947 common share purchase warrants of Company were issued. Each common share purchase warrant is exercisable into one additional common share at a price of \$0.60 per common share until September 18, 2027.
- In connection with the subscription receipts issued on June 21, 2024 and September 16, 2024 (Note 10(f)), the Company issued 268,800 finders' warrants with an aggregate fair value of \$69,715, which were valued using the Black-Scholes option pricing model with a corresponding amount added to the warrant reserve. Each finders' warrant entitles the holder to purchase one common share at an exercise price of \$0.60 per share until September 18, 2027.

During the year ended June 30, 2024, the Company did not have any new warrants issued.

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for warrants issued during the six months ended December 31, 2024 is as follows:

Share price	\$0.40
Exercise price	\$0.59
Expected life	3.00 years
Risk-free interest rate	2.87%
Expected volatility	119.31%
Expected annual dividend yield	0.00%

**d) Stock options**

On November 19, 2020, the Company adopted a new revised stock option plan that allows issuance for up to 10% of its outstanding shares on a rolling basis amongst other terms of the plan. The purposes of the plan continue to be (a) support the achievement of the Company's performance objectives and (b) ensure that interests of key persons are aligned with the success of the Company. The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model and are amortized over their vesting period.

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**10. SHARE CAPITAL (continued)**

A summary of the Company's stock option activity is as follows:

	Number of stock options outstanding	Weighted average exercise price
	#	\$
Balance, June 30, 2023	583,500	5.70
Expired	(525,000)	6.00
Balance, June 30, 2024	58,500	2.55
Granted	3,150,000	0.40
<b>Balance, December 31, 2024</b>	<b>3,208,500</b>	<b>0.44</b>

A summary of the Company's stock options outstanding as at December 31 2024 is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
February 23, 2028	14,000	4,667	1.10	3.15
July 9, 2028	5,833	5,833	3.00	3.52
October 21, 2028	38,667	38,667	3.00	3.81
September 16, 2029	3,150,000	1,050,000	0.40	4.71
	<b>3,208,500</b>	<b>1,099,167</b>	<b>0.44</b>	<b>4.69</b>

During the six months ended December 31, 2024, the Company had the following stock options grant:

- On September 17, 2024, the Company granted 3,150,000 stock options to directors, officers, and consultants. These stock options have an exercise price of \$0.40, expire on September 16, 2029, and vest over a two-year period in three equal tranches with the first 1/3 on the grant date, and 1/3 every twelve months thereafter.

During the year ended June 30, 2024, the Company did not have any stock options grants.

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the six months ended December 31, 2024 is as follows:

Share price	\$0.40
Exercise price	\$0.40
Expected life	5.00 years
Risk-free interest rate	2.72%
Expected volatility	138.78%
Expected annual dividend yield	0.00%

During the three and six months ended December 31, 2024, the Company recognized share-based compensation of \$240,080 and \$529,250, respectively (2023 - \$3,300 and \$3,300, respectively), relating to the vesting of stock options.

**e) Deferred share units ("DSU")**

A summary of the Company's DSU activity is as follows:

	Number of DSUs
	#
Outstanding, June 30, 2024 and 2023	-
Granted	1,931,250
<b>Outstanding, December 31, 2024</b>	<b>1,931,250</b>

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**10. SHARE CAPITAL (continued)**

On September 17, 2024, the Company granted 1,931,250 DSUs to certain directors and officers of the Company. These DSUs will vest on September 17, 2025. The fair value of each DSU was determined to be the fair value of the Company's common share on grant date, resulting in total fair value of \$772,500 which will be recognized as share-based compensation on a straight-line basis over the vesting period. During the three and six months ended December 31, 2024, the Company recognized \$194,713 and \$215,348, respectively (2023 - \$nil and \$nil, respectively) in share-based compensation related to the vesting of DSUs.

**f) Subscription receipts**

On June 21, 2024, the Company closed a private placement of subscription receipts for gross proceeds of \$2,414,000 by issuing 6,035,000 subscription receipts at a price of \$0.40 per subscription receipt. On September 18, 2024, the subscription receipts were converted into 6,035,000 units (Note 10(b)).

On September 16, 2024, the Company closed a private placement of subscription receipts for gross proceeds of \$2,589,979 by issuing 6,474,947 subscription receipts at a price of \$0.40 per subscription receipt. On September 18, 2024, the subscription receipts were converted into 6,474,947 units (Note 10(b)).

**11. RELATED PARTY TRANSACTIONS**

Key management personnel include those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's related party transactions is as follows:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Corporate development, marketing, and investor services	-	-	<b>34,903</b>	-
Management and professional fees	<b>94,370</b>	51,800	<b>196,569</b>	162,399
Office and administrative	-	-	<b>12,500</b>	36,000
Share-based compensation	<b>362,003</b>	2,808	<b>584,214</b>	2,808
	<b>456,373</b>	54,608	<b>828,186</b>	201,207

The Company sub-leased its office space and received shared services from an entity controlled by its Chairman of the Board of Directors. This contract ended on September 30, 2024. During the six months ended December 31, 2024, sub-lease costs, office expenses, human resource support, and related fees of \$12,500 were paid to this entity (2023 - \$36,000). All transactions with this entity are at fair market value for services received by the Company. As of October 1, 2024, these services are no longer provided by a related party.

As at December 31, 2024, there was \$36,327 (June 30, 2024 - \$32,541) due to related parties and was included in accounts payable and accrued liabilities. The amounts due are unsecured, due on demand and are non-interest bearing.

**12. CAPITAL MANAGEMENT**

The Company's capital consists of all components of shareholders' equity. The Company manages its capital structure based on the funds available to the Company, in order to support exploration. The Board of Directors does not impose quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain the future development of the business.

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**12. CAPITAL MANAGEMENT (continued)**

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at December 31, 2024, financial instruments comprised of cash and cash equivalents, amounts receivable, reclamation bond, accounts payable and accrued liabilities that are classified as and measured at amortized cost. The carrying value of cash and cash equivalents, amounts receivable, reclamation bond, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash and cash equivalents. The Company minimizes its credit risk related to cash and cash equivalents by placing cash and cash equivalents with major financial institutions. The Company considers the credit risk to be minimal.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities as well as subscription liability. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. As of December 31, 2024, the Company had cash and cash equivalents of \$1,433,294 (June 30, 2024 - \$83,684) and working capital of \$1,381,786 (June 30, 2024 - \$2,483,178). At December 31, 2024, liquidity risk is assessed as low, however, the Company will need to raise additional funds in the future to continue its exploration operations.

**c) Foreign exchange risk**

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the Canadian dollar to the Australian dollar and the Euro. A 1% change in the Canadian dollar exchange rate relative to the Australian dollar would change the Company's loss by approximately \$279; and a 1% change in the Canadian dollar exchange rate relative to the Euro would change the Company's loss by approximately \$323.

A summary of the Company's financial assets and liabilities as at December 31, 2024 that are denominated in the Australian dollar and the Euro is as follows:

	AUD	EUR
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	6,377	144,832
Amounts receivable	1,658	125,122
Reclamation bond	20,667	-
	<u>28,702</u>	<u>269,954</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	780	302,214
	<u>780</u>	<u>302,214</u>
<b>Net financial assets (liabilities)</b>	<b><u>27,922</u></b>	<b><u>(32,260)</u></b>

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**14. SEGMENTED INFORMATION**

A summary of the Company's assets and liabilities by geographic segment as at December 31, 2024 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Finland</b>	<b>Total</b>
	\$	\$	\$	\$
Current assets	1,488,500	9,191	269,954	1,767,645
Non-current assets	-	13,984,662	8,404,960	22,389,622
Total assets	1,488,500	13,993,853	8,674,914	24,157,267
Total liabilities	(82,866)	(780)	(302,213)	(385,859)

A summary of the Company's assets and liabilities by geographic segment as at June 30, 2024 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
	\$	\$	\$
Current assets	2,565,337	33,817	2,599,154
Non-current assets	168,748	13,934,272	14,103,020
Total assets	2,734,085	13,968,089	16,702,174
Total liabilities	(100,180)	(15,796)	(115,976)

A summary of the Company's net loss by geographic segment for the three months ended December 31, 2024 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Finland</b>	<b>Total</b>
	\$	\$	\$	\$
Operating expenses	856,627	9,775	13,346	879,748
Operating loss	(856,627)	(9,775)	(13,346)	(879,748)
Interest income	16,383	-	-	16,383
<b>Net loss</b>	<b>(840,244)</b>	<b>(9,775)</b>	<b>(13,346)</b>	<b>(863,365)</b>

A summary of the Company's net loss by geographic segment for the three months ended December 31, 2023 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	181,146	(8,736)	172,410
Operating loss	(181,146)	8,736	(172,410)
Foreign exchange loss	-	(37,642)	(37,642)
Interest income	9,547	8	9,555
<b>Net loss</b>	<b>(171,599)</b>	<b>(28,898)</b>	<b>(200,497)</b>

A summary of the Company's net loss by geographic segment for the six months ended December 31, 2024 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Finland</b>	<b>Total</b>
	\$	\$	\$	\$
Operating expenses	1,455,479	21,798	11,006	1,488,283
Operating loss	(1,455,479)	(21,798)	(11,006)	(1,488,283)
Interest income	34,985	2	2	34,989
<b>Net loss</b>	<b>(1,420,494)</b>	<b>(21,796)</b>	<b>(11,004)</b>	<b>(1,453,294)</b>

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**14. SEGMENTED INFORMATION (continued)**

A summary of the Company's net loss by geographic segment for the six months ended December 31, 2023 is as follows:

	<b>Canada</b>	<b>Australia</b>	<b>Total</b>
	\$	\$	\$
Operating expenses	389,571	73,161	462,732
Operating loss	(389,571)	(73,161)	(462,732)
Foreign exchange loss	-	(5,403)	(5,403)
Interest income	22,005	1,729	23,734
<b>Net loss</b>	<b>(367,566)</b>	<b>(76,835)</b>	<b>(444,401)</b>