

FOUNDERS METALS INC.

Consolidated Interim Financial Statements

For the three and six months ended February 28, 2023 and 2022

Expressed in Canadian Dollars

To the shareholders of Founders Metals Inc:

The consolidated interim financial statements of Founders Metals Inc. (the "Company") for the three and six months ended February 28, 2023 and 2022 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

FOUNDERS METALS INC.

Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars

(unaudited)

As at	February 28 2023	August 31 2022
ASSETS		
Current		
Cash (note 6)	\$ 85,996	\$ 969,590
Goods and services tax receivable	18,057	284,798
Prepays and deposits	78,218	14,295
	182,271	1,268,683
Non-current		
Equipment (note 3)	31,781	37,390
Exploration and evaluation properties (note 4)	9,479,221	8,587,610
	\$ 9,693,273	\$ 9,893,683
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 157,710	\$ 17,295
	157,710	17,295
EQUITY		
Share capital (note 5)	11,086,539	11,086,539
Option and warrant reserve	629,886	629,886
Deficit	(2,180,862)	(1,840,037)
	9,535,563	9,876,388
	\$ 9,693,273	\$ 9,893,683

Approved by the Board of Directors on May 1, 2023

Director (signed by) "Nicholas Stajduhar"

Director (signed by) "John Williamson"

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

FOUNDERS METALS INC.

Consolidated Interim Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

(unaudited)

For the	three months ended February 28		six months ended February 28	
	2023	2022	2023	2022
Expenses				
Advertising and promotion	70,083	48,241	116,900	97,624
General and administration	42,854	15,847	78,986	36,613
Management fees	39,000	51,000	90,000	102,000
Professional fees	18,944	35,934	47,438	59,265
Project evaluation	-	6,616	-	6,616
Regulatory and filing fees	11,886	19,620	21,165	21,070
	(182,767)	(177,258)	(354,489)	(323,188)
Other income				
Interest income	4,340	2,899	13,664	7,067
Settlement of flow-through liability	-	50,160	-	184,800
Share based compensation	-	(32,400)	-	(32,400)
Comprehensive loss for the period	\$ (178,427)	\$ (156,599)	\$ (340,825)	\$ (163,721)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding	26,217,000	26,217,000	26,217,000	26,217,000

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

FOUNDERS METALS INC.

Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars

(unaudited)

	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at August 31, 2021	\$11,090,972	\$ 597,486	\$(1,354,265)	\$10,334,193
Options issued	-	32,400	-	32,400
Net loss	-	-	(163,721)	(163,721)
Balance at February 28, 2022	\$11,090,972	\$ 629,886	\$(1,517,986)	\$10,202,872
Share issuance costs – non-cash	(4,433)	-	-	(4,433)
Net loss	-	-	(322,051)	(322,051)
Balance at August 31, 2022	\$11,086,539	\$ 629,886	\$(1,840,037)	\$ 9,876,388
Net loss	-	-	(340,825)	(340,825)
Balance at February 28, 2023	\$11,086,539	\$ 629,886	\$(2,180,862)	\$ 9,535,563

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

FOUNDERS METALS INC.

Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars

(unaudited)

For the six months ended	February 28 2023	February 28 2022
Operating activities		
Net loss for the period	\$ (340,825)	\$ (163,721)
Items not affecting cash:		
Settlement of flow-through liability	-	(184,800)
Share based compensation	-	32,400
	<u>(340,825)</u>	<u>(316,121)</u>
Changes in non-cash working capital:		
Goods and services tax receivable	266,741	(179,210)
Prepayments and receivables	(63,923)	58,425
Accounts payable and accrued liabilities	59,598	(144,579)
Cash used in operating activities	<u>(78,409)</u>	<u>(581,485)</u>
Investing activities		
Exploration and evaluation property exploration acquisition, net (note 4)	(492,331)	-
Exploration and evaluation property exploration expenditures, net (note 4)	(312,854)	(1,205,125)
Cash used in investing activities	<u>(805,185)</u>	<u>(1,205,125)</u>
Net increase (decrease) in cash	(883,594)	(1,786,610)
Cash, beginning of the period	<u>969,590</u>	<u>3,292,639</u>
Cash, end of the period	\$ 85,996	\$ 1,506,029

As at February 28, 2023, \$49,417 exploration and evaluation property acquisition and \$31,399 exploration and evaluation property expenditures are included in accounts payable (2022 – \$84,794).

During the period ended February 28, 2023, the Company capitalized amortization of \$5,609 (2022 - \$8,012) as exploration and evaluation expenditures to the exploration and evaluation properties.

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

FOUNDERS METALS INC.

Notes to the Consolidated Interim Financial Statements
For the three and six months ended February 28, 2023 and 2022
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1. Nature of operations

Founders Metals Inc. ("Founders" or the "Company"), formerly Avalon Works Corp. ("Avalon"), was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange ("TSXV"). The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders on September 24, 2019.

On February 26, 2021, the Company acquired an aggregate 100% interest in the Elmtree Gold Project in northeast New Brunswick (note 5). Effective March 25, 2021, Avalon changed its name to Founders Metals Inc. and now trades under the symbol "FDR" on the TSXV.

The address of the Company's corporate office and principal place of business is 250 Southridge NW, Suite 300, Edmonton, AB, T6H 4M9. The Company's registered office is Suite 780 - 1111 West Hastings Street, Vancouver, BC V6E 2J3. The Company's principal business is to explore and develop the gold and mineral exploration Elmtree Gold Project located in New Brunswick. The mineral property is located in Canada and in the exploration stage and, based on information to date, does not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets for the mineral property and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in the property and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the property.

2. Basis of presentation

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

These interim financial statements were authorized for issue by the Board of Directors of the Company on May 1, 2023.

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

3. Equipment

During the year ended August 31, 2021, the Company purchased a vehicle for \$62,840 and recorded amortization of \$9,426. During the six months ended February 28, 2023, the Company recorded amortization of \$5,609 (2022 - \$16,024) which was capitalized to exploration and evaluation properties.

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4. Exploration and evaluation properties

Antino Gold Project

The Antino Gold Project is a resource definition stage gold exploration project located in southeastern Suriname, within the Guiana Shield Gold Belt. The project is approximately 275 km from the capital city of Paramaribo and is accessible by air to the Antino Camp airstrip or by barge along the Maroni/Lawa River bordering French Guiana. The 238 square kilometer property holds Rights to the Exploitation of Gold (Suriname mining titles), and all necessary permits for exploration, drilling, and mining have been obtained.

During the period ended February 28, 2022, the Company signed a letter agreement ("the Letter Agreement") with Orea Mining Corp. ("Orea") to acquire up to 75% of the Antino Gold Project (the "Project") in Suriname. Pursuant to the Letter Agreement, Orea assigned to the Company all of its option, rights, and obligations pursuant to an existing option agreement (the "Option") with Nana Resources N.V. ("Nana") dated March 16, 2022 to acquire up to 75% of the shares in the capital of Lawa Gold N.V. ("Lawa") which is the registered owner of 100% of the Project (the "Assignment"). To acquire the Option, the Company paid Orea \$500,000 cash and issued 1,000,000 common shares of the Company.

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

- a) Option to acquire an initial 51% interest in the Project within three years of the Commencement Date by:
 - making cash payments totaling USD 1,650,000;
 - issuing common shares of the Company having a value of \$323,000;
 - incurring a minimum of USD 6,000,000 in exploration expenses; and
 - completing a geological technical report prepared in accordance with National Instrument 43-101, containing a minimum of 500,000 oz Au in any category.
- b) Option to acquire an additional 19% interest in the Project, for a total of 70%, within two years of completion of the First Option Stage by:
 - making cash payments totaling USD 1,500,000;
 - issuing common shares of the Company having a value of \$19,000;
 - incurring a minimum of USD 10,000,000 in exploration expenses; and
 - completing a preliminary economic assessment technical report prepared in accordance with National Instrument 43-101.

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

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

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

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Elmtree Gold Project

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

Summary of costs

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

	Elmtree	Antino Gold	Total
Balance, August 31, 2022	\$ 8,587,610	\$ -	\$ 8,587,610
Acquisition	-	541,748	541,748
Amortization	5,609	-	5,609
Assays and analysis	2,230	31,705	33,935
Claims	490	-	490
Fieldwork	10,743	62,740	73,483
Geological consulting	26,769	108,737	135,506
Rentals	-	565	565
Travel and support	6,343	93,932	100,275
Balance, February 28, 2023	\$ 8,639,794	\$ 839,427	\$ 9,479,221

5. Share capital

a) Common shares

On February 25, 2021, the Company consolidated all its issued and outstanding common shares based on one post-consolidation common share for every 4.9362 pre-consolidation common shares. All share data and equity-based instruments have been retroactively adjusted to give effect to the consolidation.

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

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

	Number of shares	Amount
Balance at August 31, 2022 and February 28, 2023	26,217,000	\$ 11,086,539

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Escrowed common shares

Upon closing of the transaction on February 26, 2021, 14,049,867 common shares of the Company are subject to a Tier 2 Value Escrow Agreement. Under the Tier 2 Value Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these financial statements, 6,322,440 common shares remained in escrow.

b) Stock options

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

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

	Number of options	Weighted average exercise price
Outstanding options, August 31, 2022	1,428,162	\$ 0.53
Expired	(91,162)	0.50
Outstanding options, February 28, 2023	1,337,000	\$ 0.53

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

February 28, 2023			August 31, 2022		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
\$ -	-	-	\$ 0.50	91,162	0.5
0.50	1,175,000	3.0	0.50	1,175,000	3.5
0.75	162,000	3.8	0.75	162,000	4.3
\$ 0.53	1,337,000	3.1	\$ 0.53	1,428,162	3.4

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c) Warrants

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

	Number of options	Weighted average exercise price
Outstanding warrants, August 31, 2022	7,841,398	\$ 0.73
Expired	(664,400)	0.51
Outstanding warrants, February 28, 2023	7,176,998	\$ 0.75

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

February 28, 2023			August 31, 2022		
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
\$ -	-	-	\$ 0.50	100,000	0.2
0.75	7,176,998	2.0	0.75	7,176,998	0.5
-	-	-	0.50	406,000	0.5
-	-	-	0.55	158,400	0.5
\$ 0.75	7,176,998	2.0	\$ 0.73	7,841,398	0.5

- i. Effective February 25, 2023, the Company has extended the expiry date of 7,177,000 common share purchase warrants issued on February 26, 2021 having an exercise price of \$0.75 per common share, extending the expiry date from February 26, 2023 to February 26, 2025.

6. Financial instruments and risk management*Fair value of financial instruments*

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

The three levels of hierarchy are:

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

The Company's cash and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at February 28, 2023, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

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Financial instruments risk

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

Credit risk

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

Liquidity risk

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

As at February 28, 2023, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

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

Classification of financial instruments

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

	February 28, 2023	August 31 2022
Financial assets at amortized cost		
Cash	\$ 85,996	\$ 969,590
Goods and services tax receivable	18,057	284,798
	<u>\$ 104,053</u>	<u>\$ 1,254,388</u>

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

	February 28, 2023	August 31 2022
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 157,710	\$ 17,295
	<u>\$ 157,710</u>	<u>\$ 17,295</u>

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Capital management

The Company monitors its equity as capital.

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

7. Related party transactions

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

For the six months ended	February 28, 2023	February 28, 2022
Management fees paid to key management and directors	\$ 90,000	\$ 102,000
Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets	64,000	24,000
Advertising and promotion fees paid to a director	60,000	60,000
	<u>\$ 214,000</u>	<u>\$ 186,000</u>