

FOUNDERS METALS INC.

Consolidated Interim Financial Statements

For the three and nine months ended May 31, 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 nine months ended May 31, 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	May 31 2023	August 31 2022
ASSETS		
Current		
Cash (note 6)	\$ 1,681,106	\$ 969,590
Goods and services tax receivable	77,201	284,798
Prepays and deposits	140,525	14,295
	1,898,832	1,268,683
Non-current		
Equipment (note 3)	-	37,390
Exploration and evaluation properties (note 4)	11,337,417	8,587,610
	\$ 13,236,249	\$ 9,893,683
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 719,952	\$ 17,295
	719,952	17,295
EQUITY		
Share capital (note 5)	14,389,669	11,086,539
Option and warrant reserve	1,514,522	629,886
Deficit	(3,387,894)	(1,840,037)
	12,516,297	9,876,388
	\$ 13,236,249	\$ 9,893,683

Approved by the Board of Directors on July 31, 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 May 31		nine months ended May 31	
	2023	2022	2023	2022
Expenses				
Advertising and promotion	189,000	61,724	305,900	159,348
General and administration	95,622	27,137	174,608	63,750
Management fees	39,000	51,000	129,000	153,000
Professional fees	21,122	13,019	68,560	72,284
Project evaluation	-	25,059	-	31,675
Regulatory and filing fees	8,250	811	29,415	21,881
	(352,994)	(178,750)	(707,483)	(501,938)
Other income				
Interest income	17,062	3,482	30,726	10,549
Settlement of flow-through liability	-	-	-	184,800
Share based compensation	(871,100)	-	(871,100)	(32,400)
Comprehensive loss for the period	\$ (1,207,032)	\$ (175,268)	\$ (1,547,857)	\$ (338,989)
Basic and diluted loss per common share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.01)
Basic and diluted weighted average number of common shares outstanding	39,394,912	26,217,000	30,625,787	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	-	-	(338,989)	(338,989)
Balance at May 31, 2022	\$11,090,972	\$ 629,886	\$(1,693,254)	\$10,027,604
Share issuance costs – non-cash	(4,433)	-	-	(4,433)
Net loss	-	-	(146,783)	(146,783)
Balance at August 31, 2022	\$11,086,539	\$ 629,886	\$(1,840,037)	\$ 9,876,388
Shares issued for cash	3,083,000	-	-	3,083,000
Shares issued for property	295,000	-	-	295,000
Share based compensation (note 5)	-	871,100	-	871,100
Share issuance costs	(61,334)	-	-	(61,334)
Share issuance costs – non-cash	(13,536)	13,536	-	-
Net loss	-	-	(1,547,857)	(1,547,857)
Balance at May 31, 2023	\$14,389,669	\$1,514,522	\$(3,387,894)	\$12,516,297

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 nine months ended	May 31 2023	May 31 2022
Operating activities		
Net loss for the period	\$ (1,547,857)	\$ (338,989)
Items not affecting cash:		
Settlement of flow-through liability	-	(184,800)
Share based compensation	871,100	32,400
	(676,757)	(491,389)
Changes in non-cash working capital:		
Goods and services tax receivable	207,597	(190,916)
Prepayments and receivables	(126,230)	58,984
Accounts payable and accrued liabilities	23,766	(169,455)
Cash used in operating activities	(571,624)	(792,776)
Investing activities		
Exploration and evaluation property exploration acquisition, net (note 4)	(595,621)	-
Exploration and evaluation property exploration expenditures, net (note 4)	(1,142,905)	(1,345,996)
Cash used in investing activities	(1,738,526)	(1,345,996)
Financing activities		
Proceeds from private placements (note 5)	3,083,000	-
Cash share issuance costs (note 5)	(61,334)	-
Cash provided by financing activities	3,021,666	-
Net increase (decrease) in cash	711,516	(2,138,772)
Cash, beginning of the period	969,590	3,292,639
Cash, end of the period	\$ 1,681,106	\$ 1,153,867

As at May 31, 2023, \$320,026 exploration and evaluation property acquisition and \$358,865 exploration and evaluation property expenditures are included in accounts payable and accrued liabilities (2022 – \$2,150).

During the period ended May 31, 2023, the Company capitalized amortization of \$37,390 (2022 - \$12,018) 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 nine months ended May 31, 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 July 31, 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 nine months ended May 31, 2023, the Company recorded amortization of \$37,390 (2022 - \$16,024) which was capitalized to exploration and evaluation properties. As at May 31, 2023, the vehicle was fully amortized.

FOUNDERS METALS INC.

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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.

On March 21, 2023, the Company completed the acquisition (the "Acquisition") from Orea Mining Corp. ("Orea") of the option (the "Option") to acquire up to 75% of the Antino Gold Project (the "Project") in Suriname from Nana Resources N.V. Pursuant to an assignment agreement (the "Assignment Agreement") signed on March 17, 2023, 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 Assignment 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.

FOUNDERS METALS INC.

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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	-	1,210,647	1,210,647
Airborne survey	-	36,591	36,591
Amortization	37,390	-	37,390
Assays and analysis	2,230	79,381	81,611
Claims	490	90	580
Drilling	-	680,374	680,374
Fieldwork	10,743	256,977	267,720
Freight	-	16,583	16,583
Geological consulting	32,969	197,295	230,264
Overhead and management fees	400	10,760	11,160
Rentals	-	2,885	2,885
Travel and support	6,343	167,659	174,002
Balance, May 31, 2023	\$ 8,678,175	\$ 2,659,242	\$ 11,337,417

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.

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

	Number of shares	Amount
Balance at August 31, 2020	26,217,000	\$ 11,086,539
Shares issued in private placements	15,415,000	3,083,000
Shares issued to acquire property (note 5)	1,475,000	295,000
Share issuance cost	-	(74,870)
Balance at August 31, 2022 and May 31, 2023	43,107,000	\$ 14,389,669

On March 21, 2023, the Company completed a non-brokered private placement by issuing 15,415,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$3,083,000. Each unit consists of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 for a period of two years from the date of issuance. The Company paid finders fees of \$38,675 and issued 193,375 finders' warrants, each exercisable to acquire one common share at \$0.20 per share for a period of 24 months from the date of issue. The \$13,536 fair value of the finders' warrants were determined using the Black Scholes Option Pricing Model.

On March 21, 2023, the Company issued 1,000,000 common shares to Orea Mining and 475,000 common shares to Nana Resources as part of the property acquisition (Note 4).

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, 4,214,960 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
Issued	2,810,000	0.35
Expired	(91,162)	0.50
Outstanding options, May 31, 2023	4,147,000	\$ 0.41

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

Exercise Price	Number of options	May 31, 2023 Remaining contractual life (years)	Exercise Price	Number of options	August 31, 2022 Remaining contractual life (years)
\$ -	-	-	\$ 0.50	91,162	0.5
0.50	1,175,000	2.8	0.50	1,175,000	3.5
0.75	162,000	3.5	0.75	162,000	4.3
0.35	2,810,000	4.9	-	-	-
\$ 0.41	4,147,000	4.2	\$ 0.53	1,428,162	3.4

- i. On April 28, 2023, the Company granted stock options to acquire up to an aggregate 2,810,000 common shares of Company under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.35 per common share and have an expiry date of April 28, 2028 or earlier in accordance with the terms of the Plan. The estimated fair value of these options of \$871,100, or \$0.31 per option, has been recorded as share-based compensation expense during the nine months ended May 31, 2023 and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: weighted average grant date stock price \$0.40; expected life, 5 years; expected volatility, 100%; risk-free rate, 3.08%; expected dividends, 0%. The expected volatility was determined by reference to the historical volatility of comparable public companies. The options were issued with an exercise price equal to the quoted market price of the Company's common shares on the date of issuance.

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
Issued	7,900,875	0.35
Expired	(664,400)	0.51
Outstanding warrants, May 31, 2023	15,077,873	\$ 0.54

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

Exercise Price	Number of warrants	May 31, 2023	Exercise Price	Number of warrants	August 31, 2022	
		Remaining contractual life (years)			Remaining contractual life (years)	
\$ -	-	-	\$ 0.50	100,000	0.2	i
0.75	7,176,998	1.8	0.75	7,176,998	0.5	
-	-	-	0.50	406,000	0.5	
-	-	-	0.55	158,400	0.5	
0.35	7,707,500	1.8	-	-	-	ii
0.20	193,375	1.8	-	-	-	
\$ 0.54	15,077,873	1.8	\$ 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.
- ii. On March 21, 2023, 193,375 warrants were issued to agents pursuant to the non-brokered private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of \$13,536, or \$0.07 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance during the nine months ended May 31, 2023 and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.20; expected life, 2 years; expected volatility, 55.82%; risk free rate, 3.70%; expected dividends, 0%.

d) Restricted Share Units

On April 28, 2023, the Company granted 2,575,000 RSUs to Eligible Persons of the Company under its RSU Plan, which will not vest until April 28, 2024.

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 May 31, 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 May 31, 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:

	May 31, 2023	August 31 2022
Financial assets at amortized cost		
Cash	\$ 1,681,106	\$ 969,590
Goods and services tax receivable	77,201	284,798
	<u>\$ 1,758,307</u>	<u>\$ 1,254,388</u>

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

	May 31, 2023	August 31 2022
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 719,952	\$ 17,295
	<u>\$ 719,952</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 investor'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 nine months ended	May 31, 2023	May 31, 2022
Management fees paid to key management and directors	\$ 129,000	\$ 153,000
Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets	113,000	36,000
Advertising and promotion fees paid to a director	90,000	90,000
	<u>\$ 332,000</u>	<u>\$ 279,000</u>