

CLYDESDALE RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

Three Month Period Ended

June 30, 2023

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CLYDESDALE RESOURCES INC.
Statements of financial position
(Expressed in Canadian dollars)
(Unaudited)

	June 30, 2023 \$	March 31, 2023 \$
Assets		
Current assets		
Cash	10,720	10,738
Marketable securities (Note 5)	160	279
Amounts receivable (Note 4)	104,630	101,541
Loan receivable (Note 4)	117,000	117,000
Total assets	232,510	229,558
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	256,275	252,352
Due to related party (Note 9)	120,000	112,500
Total liabilities	376,275	364,852
Shareholders' deficit		
Share capital	3,763,592	3,763,592
Share-based payment reserve	721,483	721,483
Deficit	(4,628,840)	(4,620,369)
Total shareholders' deficit	(143,765)	(135,294)
Total liabilities and shareholders' deficit	232,510	229,558

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on August 29, 2023:

/s/ "Robert Nordin"
Robert Nordin, Director

/s/ "Chris Cherry"
Chris Cherry, Director

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

CLYDESDALE RESOURCES INC.

Statements of operations and comprehensive loss

(Expressed in Canadian dollars)

(Unaudited)

	Three Month Period Ended June 30, 2023	Three Month Period Ended June 30, 2022
	(\$)	(\$)
EXPENSES		
General and administrative	1,268	1,656
Management fees (Note 9)	7,500	7,500
Professional fees	2,500	2,000
	(11,268)	(11,156)
Change in fair value of marketable securities	(120)	(200)
Interest income	2,917	2,920
Loss and comprehensive loss for the year	(8,471)	(8,436)
Basic and diluted loss per common share	(0.00)	(0.00)
Weighted average common shares outstanding	34,283,475	34,283,475

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

CLYDESDALE RESOURCES INC.

Statements of changes in stockholders' deficit

(Expressed in Canadian dollars)

(Unaudited)

	Number of Shares	Amount	Share-based Reserves	Deficit	Total
		(\$)	(\$)	(\$)	(\$)
Balance at March 31, 2022	34,283,475	3,763,592	721,483	(4,575,117)	(90,042)
Loss for the period	-	-	-	(8,436)	(8,436)
Balance at June 30, 2022	34,283,475	3,763,592	721,483	(4,583,553)	(98,478)
Loss for the period	-	-	-	(36,816)	(36,816)
Balance at March 31, 2023	34,283,475	3,763,592	721,483	(4,620,369)	(135,294)
Loss for the period	-	-	-	(8,471)	(8,471)
Balance at June 30, 2023	34,283,475	3,763,592	721,483	(4,628,840)	(143,765)

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

CLYDESDALE RESOURCES INC.

Statements of cash flows

(Expressed in Canadian dollars)

(Unaudited)

	Three Month Period Ended June 30, 2023	Three Month Period Ended June 30, 2022
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(8,471)	(8,436)
Items not affecting cash:		
Change in fair value of marketable securities	121	200
Changes in non-cash working capital items:		
Amounts receivable	(3,090)	(860)
Accounts payable and accrued liabilities	3,922	3,720
Due to related parties	7,500	7,500
Cash used in operating activities	(18)	2,124
Change in cash during the period	(18)	2,124
Cash, beginning of period	10,738	8,667
Cash, end of period	10,720	10,791

During the three month periods ended June 30, 2023 and 2022, the Company had no significant non-cash investing or financing activities.

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Clydesdale Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. The Company is in the exploration stage and is in the process of identifying potential mineral properties for acquisition. The Company's registered office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended June 30, 2023, the Company has not generated any revenues, and incurred a net loss of \$8,471. As at June 30, 2023, the Company has a working capital deficit of \$143,763 and an accumulated deficit of \$4,628,840. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance and Basis of Presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2023, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on August 29, 2023.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of marketable securities, collectability of amounts receivable and loans receivable, and unrecognized deferred income tax assets.

Significant areas of judgment made by the Company include the assessment of whether the going concern assumption is appropriate, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Marketable Securities

The Company reports investments in marketable equity securities at fair value based on quoted market prices. All investment securities are designated as fair value through profit or loss with unrealized gains and losses included in the statement of operations. Realized gains and losses are accounted for on the specific identification method and are recorded in the statement of operations.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licences, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money and risks specific to the liability are used to calculate the net present value. These costs are charged to the statement of operations over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the statement of operations.

Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

CLYDESDALE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. LOANS RECEIVABLE

As at June 30, 2023, the Company was owed \$117,000 (2023 - \$117,000) from AI/ML Resources Inc. ("ARI"), a publicly traded company on the TSX Venture Exchange ("TSX-V") with the trading symbol AIML-V. The loan is unsecured, bears interest at 10% per annum, and is due on demand. As at June 30, 2023, accrued interest of \$104,631 (2023 - \$101,541) is recorded in amounts receivable.

During the three-month ended June 30, 2023, the Company recorded \$2,917 (2023 - \$11,700) in interest income.

5. MARKETABLE SECURITIES

As at June 30, 2023, the Company held 798 (2023 - 798) common shares of King Global Ventures Inc. ("King"), an exploration stage company trading on the TSX-V, with a fair value of \$160 (2023 - \$279).

	2023 Fair Value	Additions	Disposals	Unrealized Gain (Loss)	2023 Fair Value
	(\$)	(\$)	(\$)	(\$)	(\$)
King Global Ventures	279	-	-	(119)	160

	2022 Fair Value	Additions	Disposals	Unrealized Gain (Loss)	2023 Fair Value
	(\$)	(\$)	(\$)	(\$)	(\$)
King Global Ventures	1,796	-	-	(1,517)	279

6. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value.

b) Stock options

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

There were no stock options issued or outstanding during the three month period ended June 30, 2023 and the year ended March 31, 2023.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, interest receivable, marketable securities, loan receivable, accounts payable and accrued liabilities, and amounts due to a related party.

The fair value of cash and marketable securities are measured using level one of the fair value hierarchy. The fair values of accrued interest receivable, loans receivable, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company will limit its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company has no material counterparties to its financial instruments with the exception of the loan receivable and accrued interest receivable from ARI, of which the maximum exposure to the Company is the carrying values of the loan receivable and accrued interest receivable.

Liquidity risk

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. As at the date of the statement of financial position, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

Interest rate risk

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates. The Company does not have any variable interest rate liabilities.

Foreign currency risk

The Company is not exposed to significant foreign currency risk.

CLYDESDALE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Commodity price risk

The Company is not significantly exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

8. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the quarter ended June 30, 2023.

9. RELATED PARTY TRANSACTIONS

As at June 30, 2023, the amount of \$120,000 (March 31, 2023 - \$112,500) was owed to the Chief Executive Officer of the Company, which is non-interest bearing, unsecured, and due on demand. During the three month ended June 30, 2023, the Company incurred management fees of \$7,500 (2022 - \$7,500) to the Chief Executive Officer of the Company.

10. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	June 30, 2023	March 31, 2023
	(\$)	(\$)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(2,287)	(12,217)
Tax effect of:		
Change in unrecognized deferred income tax assets	2,287	12,217
Income tax provision	—	—

CLYDESDALE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in Canadian dollars)

10. INCOME TAXES (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	June 30, 2023	March 31, 2023
	(\$)	(\$)
Deferred income tax assets		
Non-capital losses carried forward	536,290	534,003
Resource properties	65,449	57,390
Marketable securities	(120)	489
Total gross deferred income tax assets	601,619	591,882
Unrecognized deferred income tax assets	(601,619)	(591,882)
Net deferred income tax asset	—	—

As at June 30, 2023, the Company has available mineral resource related expenditure pools totalling \$220,878 and non-capital losses carried forward of \$1,977,791, which are available to offset future years' taxable income. These non-capital losses expire as follows:

	(\$)
2026	246,395
2027	95,779
2028	118,081
2029	118,614
2030	133,667
2031	140,922
2032	140,414
2033	109,861
2034	99,303
2035	73,023
2036	103,496
2037	276,101
2038	57,093
2039	53,415
2040	54,888
2041	51,038
2042	53,645
2043	52,056
	1,977,791