GALORE RESOURCES INC.

Condensed Consolidated Interim Financial Statements

Second Quarter Ended September 30, 2022

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements of the Company for the period ended September 30, 2022 have been prepared by management and have not been subject to review by the Company's auditors.

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2022	March 31, 2022
	$	$
Assets		
Current assets		
Cash	5,477	74,670
Amounts receivable	4,517	4,474
Prepaid expenses	-	15,201
	9,994	94,345
Exploration and evaluation assets (note 3)	8,903,194	8,582,099
	8,913,188	8,676,444
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	4,717,600	3,976,109
Due to related party (note 5)	729,576	582,043
Loan payable (note 6)	44,236	39,135
	5,491,412	4,597,287
Shareholders' equity		
Share capital (note 7(a))	18,366,800	18,366,800
Reserves (note 7(c))	3,199,887	3,062,887
Deficit	(18,144,911)	(17,350,530)
	3,421,776	4,079,157
	8,913,188	8,676,444

See accompanying notes to the condensed consolidated interim financial statements

Nature and continuance of operations (note 1)
Commitments (note 12)

Approved by the Board of Directors and authorized for issue on November 29, 2022

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	$	$	$	$
Operating costs and expenses				
Consulting (note 4)	2,475	-	2,475	2,655
Corporate development and investor relations	1,149	1,445	3,818	4,346
Interest expense (notes 5 & 6)	70,430	58,972	132,744	112,958
Management fees (note 4)	105,801	71,826	209,195	141,824
Office and miscellaneous	13,478	4,786	25,101	8,740
Professional fees	890	48,555	14,960	48,555
Share-based compensation (notes 4 & 7)	137,000	-	137,000	160,735
Shareholder communications	-	1,189	2,250	1,189
Trust and filing fees	16,872	2,352	22,776	7,017
Loss before other items	(348,095)	(189,125)	(550,319)	(488,019)
Foreign exchange gain (loss)	(178,880)	(28,087)	(244,062)	(31,901)
Net loss and comprehensive loss for the period	(526,975)	(217,212)	(794,381)	(519,920)
Weighted average number of common shares outstanding	165,324,750	139,562,911	165,324,750	139,551,020
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

See accompanying notes to the condensed consolidated interim financial statements

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six Months Ended September 30,	
	2022	**2021**
	$	$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(794,381)	(519,920)
Items not involving the use of cash:		
Interest accrual	132,745	112,958
Foreign exchange on loans	66,077	9,343
Foreign exchange gain	177,985	22,558
Share-based compensation	137,000	160,735
	(280,574)	(214,326)
Change in non-cash working capital:		
Amounts receivable	(43)	(1,444)
Prepaid expenses	15,201	-
Accounts payable and accrued liabilities	274,668	141,258
	9,252	(74,512)
Investing activity		
Exploration and evaluation assets	(143,000)	(19,334)
	(143,000)	(19,334)
Financing activities		
Loan repaid	-	(75,822)
Advances from related party	64,555	52,496
Subscription receipts	-	758,220
	64,555	734,894
Increase (decrease) in cash	(69,193)	641,048
Cash, beginning of the period	74,670	344
Cash, end of the period	5,477	641,392

See accompanying notes to condensed consolidated interim financial statements

Supplementary disclosure: Refer to note 8.

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Subscription receipts	Reserves	Deficit	Total equity
		$	$	$	$	$
March 31, 2022	165,624,750	18,366,800	-	3,062,887	(17,350,530)	4,079,157
Share-based compensation	-	-	-	137,000	-	137,000
Net loss for the period	-	-	-	-	(794,381)	(794,381)
September 30, 2022	165,624,750	18,366,800	-	3,199,887	(18,144,911)	3,421,776
March 31, 2021	139,538,998	17,485,274	-	2,902,152	(16,551,519)	3,835,907
Shares for debt settlement	2,200,000	55,000	-	-	-	55,000
Subscription receipts	-	-	758,220	-	-	758,220
Share-based compensation	-	-	-	160,735	-	160,735
Net loss for the period	-	-	-	-	(519,920)	(519,920)
September 30, 2021	141,738,998	17,540,274	758,220	3,062,887	(17,071,439)	4,289,942

See accompanying notes to condensed consolidated interim financial statements

(Unaudited - Expressed in Canadian dollars)

1) NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia, Canada and has been primarily involved in the acquisition and exploration of mineral property interests in North America. The address of the Company's corporate office and principal place of business is Suite 1400 – 1125 Howe Street, Vancouver, B.C. V6Z-2K8 and the corporate mailing address is 2701 Little Elm Parkway, Suite 100 #512, The Colony, Texas, 75068, United States of America.

At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties. The ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. Although the Company is unaware of any defects in its title to its mineral properties, no guarantee can be made that none exist.

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue and at September 30, 2022, the Company has a working capital deficiency of $5,481,418 (March 31, 2022 - $4,502,942) and an accumulated deficit of $18,144,911 (March 31, 2022 - $17,350,530). These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The Company continuing operations as intended is dependent upon its ability to raise sufficient funds in order to finance exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2022, which have been prepared in accordance with IFRS, as issued by the IASB.

b) Consolidation

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Minerales Galore, S.A de C.V.	Zacatecas State, Mexico	100%	Mineral Exploration

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Significant accounting policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended March 31, 2022. The disclosure contained in these condensed consolidated interim financial statements do not include all the requirements in IAS 1 *Presentation of Financial Statements* ("IAS 1"). Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended March 31, 2022.

The accounting policies below have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies:

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

(Unaudited - Expressed in Canadian dollars)

3) EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

	Dos Santos, Mexico
	$
Balance, March 31, 2021	7,645,151
Camp, geological, geophysical and geochemical	130,969
Drilling	118,049
Field office, travel and accommodation	52,859
Payments of rights	601,247
Other exploration costs	33,824
Balance, March 31, 2022	8,582,099
Assay & analysis	58,172
Camp, geological, geophysical and geochemical	55,197
Drilling	35,546
Field office, travel and accommodation	8,375
Other exploration costs	23,936
Payment of rights	139,869
Balance, September 30, 2022	**8,903,194**

Dos Santos, Mexico

In December 2007 (and amended on April 4, 2009), the Company signed an option agreement to purchase 100% of the Dos Santos gold and base-metal property located in Zacatecas State, Mexico. In order to earn a 100% interest in the property the Company had to pay $250,000 U.S. over a four-year period (paid).

The Company also acquired certain other mineral claims through staking.

During the year ended March 31, 2012, the Company entered into a purchase agreement to acquire the surface rights to certain privately-owned lands known as Rancho Duraznillo that cover a portion of the Dos Santos project. The terms of the agreement required payments of 350,000 MXN Pesos on signing (paid) and further monthly payments over 18 months totaling approximately 1,050,000 MXN Pesos. The Company completed these payments during the year ended March 31, 2019, and acquired the surface rights and gained full title.

On March 7, 2022, the Company entered into a five-year exploration and exploitation agreement with Oztoc Metal Corporation, S. De R.L. C.V. (“Oztoc”), (subject to a five-year validity for renewal) to mine gold from certain claims within the property. Under this contract, Oztoc is to be responsible for all required insurance, permits, fees, duties, and taxes associated with the Mining Law and other federal, state and local laws. Any proceeds, net of costs, will be allocated 30% to the Company and 70% to Oztoc. The Company would retain the rights on all other minerals extracted at the Company’s other claims. A significant shareholder of the Company is also a significant shareholder of Oztoc.

(Unaudited - Expressed in Canadian dollars)

4) RELATED PARTY TRANSACTIONS

Key management personnel compensation:

	Six Months Ended September 30,	
	2022	2021
	$	$
Share-based compensation	137,000	160,735
Consulting fees	2,475	2,655
Management fees	209,195	141,824
Total management compensation	348,670	305,214

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties, and accordingly that they are measured at fair value.

In September 2021, the Company issued 2,200,000 common shares to settle accounts payable of $55,000 owed to key management.

Included in accounts payable and accrued liabilities as at September 30, 2022 is $1,941,836 (March 31, 2022 - $1,383,719) due to officers and directors and companies controlled by officers and directors.

5) DUE TO RELATED PARTY

In January 2017, the Company entered into a loan agreement with the CEO of the Company (the “CEO”), whereby the Company borrowed USD$150,000. Under the terms of the agreement, the loan was to be due on January 12, 2019, bore interest of 8% per annum, compounded monthly, and was payable upon demand, provided however, that the Lender agreed not to make a demand within the first twelve months of the Loan. On January 12, 2019, the loan matured and remains outstanding. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms.

In May 2019, the CEO of the Company loaned the Company a further USD $100,000, bearing interest at 10% per annum. The Company issued 2,000,000 bonus warrants to the lender in consideration of the loan. These warrants were ascribed a fair value $63,600 and expired unexercised on July 4, 2020.

During the year ended March 31, 2020, the CEO of the Company advanced an additional $68,098 (USD $48,000). During the year ended March 31, 2021, a further $119,101 (USD $99,300) was advanced. During the year ended March 31, 2022, $52,497 (USD $41,800) was advanced. During the period ended June 30, 2022, $28,241 (USD $22,000) was advanced As at September 30, 2022, $107,729 (USD $83,485) has been repaid. The advances are unsecured, non-interest bearing and due on demand.

During the period ended September 30, 2022, the Company accrued interest of $20,789 (USD $16,082) (March 31, 2022 - $37,656 (USD$30,030)). As at September 30, 2022, the total amount owing is $729,576 (March 31, 2022 - $582,043).

Also included in interest expense is $110,743 (March 31, 2022 - $182,903) accrued during the period related to unpaid management fees.

(Unaudited - Expressed in Canadian dollars)

6) LOAN PAYABLE

On December 17, 2020, the Company entered into a loan agreement with an arm's length shareholder of the Company (the "Lender"). Under the terms of the agreement, the Lender provided the Company with a loan of USD $29,000, bearing interest at 6% per annum, compounded monthly. As additional consideration, the Company issued to the Lender a bonus of 140,000 common shares for a fair value of $2,800. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms.

During six-month period ended September 30, 2022, the Company accrued interest of $1,232 (USD $954) (March 31, 2022 - $5,241 (USD $4,198)). As at September 30, 2022, the total amount owing is $44,236 (March 31, 2022 - $39,135).

7) SHARE CAPITAL

a) The authorized share capital of the Company consists of an unlimited number of common shares.

During the six months ended September 30, 2021, the Company did not issue any shares.

During the year ended March 31, 2022, the Company issued the following shares:

- On September 29, 2021, the Company issued 2,200,000 shares to members of key management to settle $55,000 of debt from past services performed.

- On November 19, 2021, the Company completed a non-brokered private placement, issuing 23,385,752 shares for gross proceeds of $818,501.

- On December 31, 2021, the Company issued 500,000 bonus shares, valued at $10,000, in consideration of consulting services.

b) Stock options

The Company has a stock option plan (the "Plan") which allows the Company to grant options to directors, officers, employees and consultants. Under the Plan, options will be exercisable over periods of up to 5 years and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%. Under the Company's current plan, which was approved by the shareholders at its annual general meeting held November 8, 2018, a total of 24,500,000 are reserved for issuance.

The continuity of stock options is as follows:

	Six Months Ended September 30, 2022		Year Ended March 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	16,000,000	0.10	14,800,000	0.08
Granted	7,100,000	0.10	8,325,000	0.10
Expired/cancelled	(1,000,000)	0.10	(7,125,000)	0.07
Balance, end of the period	22,100,000	0.10	16,000,000	0.10
Weighted average years to expiry		3.33		2.90

(Unaudited - Expressed in Canadian dollars)

7) SHARE CAPITAL (*continued*)

b) Stock options *(continued)*

As at September 30, 2022, the following options are outstanding:

Number of Options	Exercise Price	Expiry Date
	$	
3,300,000	0.10	May 1, 2023
1,650,000	0.10	November 13, 2023
425,000	0.10	August 13, 2024
1,300,000	0.10	May 12, 2025
8,325,000	0.10	May 26, 2026
7,100,000	0.10	September 8, 2027
22,100,000		

c) Share-based payment reserve

During the six months ended September 30, 2022, the Company granted 7,100,000 options exercisable at price of $0.10 for a period of 5 years, to eligible directors and officers of the Company.

During the year ended March 31, 2022, the Company granted 8,325,000 options exercisable at price of $0.10 for a period of 5 years, to an eligible director and officers of the Company.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted in:

	Six Months Ended September 30, 2022	Year Ended March 30, 2022
Risk-free interest rate	3.37%	0.87%
Expected life	5 years	5 years
Expected volatility	212.25%	214.43%
Dividend rate	-	-

d) Warrants

The continuity of warrants is as follows:

	Six Months Ended September 30, 2022		Year Ended March 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		$		$
Balance, beginning of the period	16,509,484	0.08	27,928,668	0.09
Granted	-	-	-	-
Expired	-	-	(11,419,184)	0.09
Balance, end of the period	16,509,484	0.08	16,509,484	0.08
Weighted average years to expiry		1.92		2.51

(Unaudited - Expressed in Canadian dollars)

7) SHARE CAPITAL (*continued*)

d) Warrants *(continued)*

As at September 30, 2022, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
	$	
8,391,542	0.08	October 4, 2023
3,743,629	0.10	September 16, 2024*
1,324,250	0.10	October 28, 2024*
528,440	0.10	November 11, 2024*
2,521,623	0.05	July 23, 2025
16,509,484		

**These warrants were extended a further 3 years from their original expiry date.*

8) SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended September 30, 2022 were:
a) At period end, included in accounts payable was $178,095 of exploration and evaluation asset costs.

The significant non-cash transactions for the period ended September 30, 2021 were:
a) At period end, included in accounts payable was $2,030,833 of exploration and evaluation asset costs.

9) SEGMENTED INFORMATION

The Company primarily operates in one reportable segment, being the acquisition, exploration and evaluation of exploration and evaluation assets located in Canada and Mexico. Geographic information is as follows:

	Six Months Ended September 30, 2022	Year Ended March 31, 2022
	$	$
Non-current assets		
Canada	-	-
Mexico	8,903,194	8,582,099
	8,903,194	8,582,099

10) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to $5,477 at September 30, 2022 (March 31, 2022 - $74,670). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Mexican banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable and accrued liabilities, due to related party and loan payable requirements. The Company did not maintain sufficient cash balances to meet these needs at September 30, 2022.

Foreign Exchange Risk

The Company has foreign exchange risk due to its activities carried out in Mexico. At September 30, 2022, the Company had $nil (March 31, 2022 - $24,104) in current assets and $2,731,558 (March 31, 2022 - $2,704,466) in current liabilities originating in Mexico.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. 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.

11) CAPITAL MANAGEMENT

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying mineral property industry. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

12) COMMITMENTS

On September 1, 2016, the Company entered into a management services agreement with the company's Chief Financial Officer ("CFO") to provide services at a rate of CDN $5,000 per month. These fees shall be accrued until sufficient funds are available to the Company for payment and will be recorded on the Company's books as an accounts payable. Payment of accrued fees shall be upon the recommendation of the Compensation and Corporate Governance Committee, acting reasonably, to the Board of Directors. On September 1, 2017, the agreement with the CFO was amended such that the rate was increased to USD $7,000 per month. On January 1, 2022, the compensation committee approved a rate increase to USD $9,000 per month and the agreement was amended to reflect the change effective immediately.

Additionally, under the amended agreement, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", the CFO will be entitled to receive at the time of closing of the Transaction any accrued fees as well as the yearly amount (12 months equaling USD $108,000) of the fee for each year of service provided to the Company since January 2015.

The CFO will also be entitled to receive at the time of closing of the Transaction, five-hundred thousand (500,000) common shares of the Company for every year (September 2015 to September 2016) that he did not receive any compensation for services performed due to the financial condition of the business.

On September 1, 2016, the Company entered into a management services agreement with the company's Chief Executive Officer ("CEO") to provide services at a rate of CDN $12,000 per month. These fees shall be accrued until sufficient funds are available to the Company for payment and will be recorded on the Company's books as an account payable. Payment of accrued fees shall be upon the recommendation of the Compensation and Corporate Governance Committee, acting reasonably, to the Board of Directors. On September 1, 2017, the agreement was amended and services will be provided to the Company at a rate of USD $12,000 per month. On January 1, 2022, the compensation committee approved a rate increase to USD $18,000 per month and the agreement was amended to reflect the change effective immediately.

Additionally, under the amended agreement, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", the CEO will be entitled to receive at the time of closing of the Transaction any accrued fees as well as the yearly amount (12 months equaling USD $216,000) of the fee for each year of service the CEO provided to the Company since July, 2012. The CEO will also be entitled to receive at the time of closing of the Transaction, one (1) million common shares of Galore for every year (July 2012 to July 2016) that he did not receive any compensation for services performed due to the financial condition of the business.

The Company has an agreement to pay consulting fees to a related party company owned by the Company's Corporate Secretary ("SEC"), billed at an hourly rate on an as needed basis. Three months' notice is required to terminate the applicable agreement, meaning the Company is committed to paying three months' fees at any time prior to giving notice of termination.

Additionally, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", SEC will be entitled to receive at the time of closing of the Transaction all outstanding amounts due and payable for past services, plus an amount of compensation equal to $2,500 for each year of service SEC provided to the Company since 2007.