

BEDFORD METALS CORP.

Interim Financial Statements

For the three months ended June 30, 2024

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of Bedford Metals Corp. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

BEDFORD METALS CORP.
Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | June 30 | March 31 |
|--|---------------------|------------------|
| | 2024 | 2024 |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 154,306 | \$ 61,027 |
| Short-term investments (note 3) | 900,000 | - |
| Other receivables | 1,723 | - |
| GST receivable | 10,435 | 1,378 |
| Total current assets | 1,066,464 | 62,405 |
| Exploration and evaluation assets (note 4) | 25,872 | 2 |
| Total assets | \$ 1,092,336 | \$ 62,407 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (notes 6 & 10) | \$ 31,268 | \$ 18,202 |
| Total current liabilities | 31,268 | 18,202 |
| Convertible debentures (note 8) | 478,486 | 675,814 |
| Total liabilities | 509,754 | 694,016 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Share capital (note 5) | 12,379,154 | 10,903,408 |
| Share subscriptions advanced (note 5) | 485,300 | - |
| Reserves (note 5) | 1,180,783 | 1,693,238 |
| Deficit | (13,462,655) | (13,228,255) |
| Total shareholders' equity (deficiency) | 582,582 | (631,609) |
| Total liabilities and shareholders' equity (deficiency) | \$ 1,092,336 | \$ 62,407 |

Going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

Director "Peter Born"
Peter Born

Director "Richard Ko"
Richard Ko

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

BEDFORD METALS CORP.**Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian Dollars)

| | Three months ended | |
|---|---------------------------|--------------------|
| | June 30 | |
| | 2024 | 2023 |
| EXPENSES | | |
| Consulting fees | \$ 30,000 | \$ - |
| Corporate communications | 116,000 | - |
| Management fees (note 10) | 6,000 | 750 |
| Office and general | 5,028 | 13 |
| Professional fees | 31,767 | 1,869 |
| Regulatory and filing fees | 4,233 | 658 |
| Loss from operations | (193,028) | (3,290) |
| Other items | | |
| Interest income | 4,446 | - |
| Interest and accretion (notes 7, 8 & 9) | (45,818) | (34,666) |
| | (41,372) | (34,666) |
| Net loss and comprehensive loss | \$ (234,400) | \$ (37,956) |
| Basic and diluted loss per share | \$ (0.01) | \$ (0.00) |
| Weighted average number of common shares outstanding | 24,532,886 | 14,212,168 |

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

BEDFORD METALS CORP.**Statements of Changes in Equity**

(Unaudited - Expressed in Canadian Dollars)

| | Number of Shares | Share capital | Share subscriptions advanced | Reserves | Deficit | Total |
|-----------------------------------|---------------------|---------------|------------------------------------|--------------|-----------------|--------------|
| Balance at March 31, 2023 | 14,212,168 | \$ 10,903,408 | \$ - | \$ 1,388,754 | \$ (12,650,830) | \$ (358,668) |
| Net loss | - | - | - | - | (37,956) | (37,956) |
| Balance at June 30, 2023 | 14,212,168 | 10,903,408 | - | 1,388,754 | (12,688,786) | (396,624) |
| Balance at March 31, 2024 | 14,212,168 | 10,903,408 | - | 1,693,238 | (13,228,255) | (631,609) |
| Conversion of debentures (note 8) | 10,492,607 | 190,176 | - | - | - | 190,176 |
| Subscriptions received (note 5) | - | - | 485,300 | - | - | 485,300 |
| Options exercised (note 5) | 851,400 | 78,079 | - | (35,509) | - | 42,570 |
| Warrants exercised (note 5) | 14,094,938 | 1,207,491 | - | (476,946) | - | 730,545 |
| Net loss | - | - | - | - | (234,400) | (234,400) |
| Balance at June 30, 2024 | 39,651,113 | \$ 12,379,154 | \$ 485,300 | \$ 1,180,783 | \$ (13,462,655) | \$ 582,582 |

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

BEDFORD METALS CORP.**Statements of Cash Flows**

(Unaudited - Expressed in Canadian Dollars)

| | Three months ended June 30 | |
|--|---------------------------------------|------------------|
| Cash provided by (used for): | 2024 | 2023 |
| Operating activities | | |
| Net loss | \$ (234,400) | \$ (37,956) |
| Adjustments for non-cash items: | | |
| Interest and accretion | 45,563 | 34,666 |
| Working capital adjustments: | | |
| Other receivable | (1,723) | - |
| GST receivable | (9,057) | (126) |
| Accounts payable and accrued liabilities | 13,066 | (15,110) |
| Net cash flows used in operating activities | (186,551) | (18,526) |
| Investing activities | | |
| Purchase of short-term investments | (900,000) | - |
| Additions to exploration and evaluation assets | (25,870) | - |
| Net cash flows used in investing activities | (925,870) | - |
| Financing activities | | |
| Subscriptions received | 485,300 | - |
| Loan advances | 30,000 | - |
| Loan repayments | (30,000) | - |
| Interest paid on debentures converted | (52,715) | - |
| Proceeds from exercise of warrants | 730,545 | - |
| Proceeds from exercise of options | 42,570 | - |
| Net cash flows provided by financing activities | 1,205,700 | - |
| Change in cash | 93,279 | (18,526) |
| Cash, beginning of period | 61,027 | 106,987 |
| Cash, end of period | \$ 154,306 | \$ 88,461 |
| Supplemental cash flow information: | | |
| Interest paid | \$ 52,970 | \$ - |
| Income taxes paid | \$ - | \$ - |

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

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

1. Nature of operations and going concern

Bedford Metals Corp. (“Bedford” or the “Company”) is in the business of acquiring, exploring and developing mineral exploration properties. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. On January 4, 2024, the Company undertook a forward share split in which 1.2 additional common shares were issued for every one common share currently outstanding. All share amounts in these financial statements reflect the forward share split unless otherwise indicated. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”).

The Company’s head office, principal address and registered and records office is 2200 – 885 West Georgia Street, Vancouver, B.C., V6C 3E8.

These interim financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2024 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company has incurred operating losses since inception and at June 30, 2024, had an accumulated deficit of \$13,462,655. The Company expects to incur further losses in the development of its business, which indicates that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares. There can be no assurance that the Company will be able to raise the funds as needed or at the terms expected. Further discussion of liquidity risk is included in Note 12.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These adjustments may be material.

These financial statements were authorized for issue on August 7, 2024 by the directors of the Company.

2. Basis of presentation and material accounting policy information

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the year ended March 31, 2024, which have been prepared in accordance with IFRS.

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company’s reporting and functional currency is the Canadian dollar.

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

2. Basis of presentation and material accounting policy information (cont'd)

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical judgments in applying accounting policies:

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

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- modification versus extinguishment of financial liability;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses;
- the classification of financial instruments.

Recent accounting pronouncements

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Short-term investments

Short term investments represent GIC deposits with a Canadian financial institution with maturities of more than 30 days when purchased.

BEDFORD METALS CORP.**Notes to the interim financial statements****As at and for the three months ended June 30, 2024 and 2023****(Unaudited - Expressed in Canadian Dollars)****4. Exploration and evaluation assets**

A summary of the Company's exploration and evaluation assets is shown below:

| June 30, 2024 | Ubiquity Lake | Close Lake | Enid Project | Margurete Gold | Total |
|---|------------------|------------------|--------------|-------------------|------------------|
| Acquisition Costs | | | | | |
| <i>Balance, March 31, 2024</i> | \$ - | | \$ 1 | \$ 1 | \$ 2 |
| Additions | 10,000 | 10,000 | - | - | 20,000 |
| Impairment | - | - | - | - | - |
| Acquisition costs, June 30, 2024 | 10,000 | 10,000 | 1 | 1 | 20,002 |
| Exploration Costs | | | | | |
| <i>Balance, March 31, 2024</i> | - | - | - | - | - |
| Additions | 5,870 | - | - | - | 5,870 |
| Impairment | - | - | - | - | - |
| Exploration costs, June 30, 2024 | 5,870 | - | - | - | 5,870 |
| Balance, June 30, 2024 | \$ 15,870 | \$ 10,000 | \$ 1 | \$ 1 | \$ 25,872 |

| March 31, 2024 | Ubiquity Lake | Close Lake | Enid Project | Margurete Gold | Total |
|--|---------------|-------------|--------------|-------------------|-------------|
| Acquisition Costs | | | | | |
| <i>Balance, March 31, 2023</i> | \$ - | \$ - | \$ 1 | \$ 290,000 | \$ 290,001 |
| Additions | - | - | - | - | - |
| Impairment | - | - | - | (289,999) | (289,999) |
| Acquisition costs, March 31, 2024 | - | - | 1 | 1 | 2 |
| Exploration Costs | | | | | |
| <i>Balance, March 31, 2023</i> | - | - | - | - | - |
| Additions | - | - | 1,500 | - | 1,500 |
| Impairment | - | - | (1,500) | - | (1,500) |
| Exploration costs, March 31, 2024 | - | - | - | - | - |
| Balance, March 31, 2024 | \$ - | \$ - | \$ 1 | \$ 1 | \$ 2 |

Margurete Gold Property (British Columbia, Canada)

On September 5, 2017, the Company entered into an agreement to earn a 100% interest in certain mineral claims. On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2017. Under the amended terms, the previous GORR is replaced with an NSR ("Net Smelter Return"). The arms-length Vendor shall retain a 1% NSR, with a buyback provision of 0.5% to the Company for \$1,000,000.

On March 20, 2022, the consideration of the Option Agreement was amended and on July 24, 2023 the deadline for completion of the final cash payment of \$250,000 and incurring exploration expenditures of \$200,000 was extended to September 30, 2024 as follows:

- \$50,000 upon the signing of this amended Option Agreement (of which the unpaid amount of \$20,000 was converted into a non-interest bearing loan);
- A further \$90,000 on or before March 5, 2018 (converted into a non-interest bearing loan);
- A further \$200,000 on or before September 5, 2020 (converted into a non-interest bearing loan);
- A further \$250,000 on or before March 20, 2024 (subsequently extended to September 30, 2024; and
- The Company must complete \$200,000 exploration expenditures on or before March 20, 2024 (subsequently extended to September 30, 2024).

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

Margurete Gold Property (British Columbia, Canada) (cont'd)

All other terms and conditions of the Option Agreement shall remain in full force and effect.

On March 25, 2022, these non-interest bearing loans were acquired by and transferred to a creditor who subsequently entered into a long term debt agreement with the Company (see Note 7). As at March 31, 2024, the Company has recorded \$289,999 impairment towards this property as the Company is in the planning stages of exploration and currently does not have any specific exploration plans.

Hewitt Point Project (British Columbia, Canada)

On March 5, 2019, the Company staked an additional 530 hectares of minerals claims in the Phillips Arm Gold Camp. These additional claims are known as the Hewitt Point Project and expand the Margurete Gold Project.

Enid Project (British Columbia, Canada)

On April 8, 2019, the Company acquired an additional 739 hectares of mineral claims in the Phillips Arm Gold Camp known as the Enid Project which adjoins the Company's Margurete Gold Project. The additional claims comprising the Enid Project were purchased from an arm's length vendor for a one-time cash payment of \$300,000. In connection with the acquisition, the Vendor retained a 2.0% net smelter returns royalty, and one-half of the royalty may be purchased for a cash payment of \$1,000,000.

The Company recorded an impairment of \$1,500 during the year ended March 31, 2024 because the Company currently does not have any specific exploration plans for this property.

Ubiquity Lake Project (Saskatchewan, Canada)

On April 26, 2024, the Company entered into an agreement with an arm's length third party to acquire a 100% interest in the Ubiquity Lake Property. The Company can acquire the interest by making a series of payments totaling \$500,000 (of which \$10,000 has been paid) and incurring exploration expenditures of \$150,000 over a three year period.

Close Lake Project (Saskatchewan, Canada)

On May 17, 2024, the Company entered into a property option agreement with an arm's length third party to acquire a 100% interest in the Close Lake Property. The Company can acquire the interest by making a series of payments totaling \$500,000 (of which \$10,000 has been paid) and incurring exploration expenditures of \$150,000 over a three year period.

5. Share capital

Authorized share capital

Unlimited number of common shares without par value

Issued

At June 30, 2024 there were 39,651,113 (March 31, 2024 – 14,212,168) issued and outstanding common shares, as restated for the forward share split (note 1).

BEDFORD METALS CORP.**Notes to the interim financial statements****As at and for the three months ended June 30, 2024 and 2023****(Unaudited - Expressed in Canadian Dollars)****5. Share capital (cont'd)*****Issued (cont'd)******Three months ended June 30, 2024***

On May 28, 2024, the Company issued 851,400 common shares pursuant to the exercise of share options for gross proceeds of \$42,570. An amount of \$35,509 was transferred from reserves to share capital upon exercise of these options.

During the three months ended June 30, 2024, the Company issued 14,094,938 common shares pursuant to the exercise of warrants for gross proceeds of \$730,545.

During the three months ended June 30, 2024, the Company issued 10,492,607 common shares pursuant to the conversion of debentures with a face value of \$540,000. Upon conversion, the Company paid interest to the debenture holders in the amount of \$52,715.

As at June 30, 2024, advances totaling \$485,300 were received for warrants to be exercised subsequent to June 30, 2024 (note13).

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Stock options

The Company has a Stock Option Plan (the "Plan"), which follows the policies of the TSX-V regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

On August 2, 2023, the Company granted 851,400 (post stock split) incentive stock options to consultants of the Company. These options are exercisable at a price of \$0.05 (post stock split) until August 2, 2028 and vest immediately. The estimated fair value of \$38,905 has been expensed during the year ended March 31, 2024. It was calculated using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 3.20%, expected life of 5 years, no annual dividend, and expected volatility of 150%.

A summary of stock option activity for the three months ended June 30, 2024 and the year ended March 31, 2024 is presented below:

| | Three months ended June 30 | | Year ended March 31 | |
|-----------------------------------|----------------------------|---------------------------------|---------------------|---------------------------------|
| | 2024 | | 2024 | |
| | Number of Options | Weighted average exercise price | Number of Options | Weighted average exercise price |
| Outstanding - beginning of period | 851,400 | \$ 0.05 | - | \$ - |
| Granted | - | - | 851,400 | 0.05 |
| Exercised | (851,400) | 0.05 | - | - |
| Outstanding - end of period | - | \$ - | 851,400 | \$ 0.05 |

BEDFORD METALS CORP.**Notes to the interim financial statements****As at and for the three months ended June 30, 2024 and 2023****(Unaudited - Expressed in Canadian Dollars)****5. Share capital (cont'd)****Warrants**

A summary of warrant activity for the three months ended June 30, 2024 and the year ended March 31, 2024 is presented below:

| | Three months ended June 30 2024 | | Year ended March 31 2024 | |
|--|------------------------------------|--|-----------------------------|--|
| | Number of Warrants | Weighted average exercise price | Number of Warrants | Weighted average exercise price |
| Outstanding - beginning of period | 17,504,000 | \$ 0.115 | 13,436,225 | \$ 0.115 |
| Issued in private placement - convertible debentures | - | - | 4,067,775 | 0.110 |
| Exercised | (1,249,875) | 0.110 | - | - |
| Exercised | (5,156,915) | 0.115 | - | - |
| Outstanding - end of period | 11,097,210 | \$ 0.114 | 17,504,000 | \$ 0.115 |

As at June 30, 2024, the following warrants were outstanding:

| Number of Warrants | Weighted Average Exercise Price | Expiry date | Remaining Life (years) |
|--------------------|------------------------------------|-----------------|---------------------------|
| 3,777,310 | \$ 0.115 | January 6, 2028 | 3.52 |
| 4,502,000 | \$ 0.115 | January 6, 2028 | 3.52 |
| 2,817,900 | \$ 0.110 | August 18, 2028 | 4.14 |
| 11,097,210 | \$ 0.114 | | 3.68 |

6. Accounts payable and accrued liabilities

| | June 30 2024 | March 31 2024 |
|---------------------|-----------------|------------------|
| Trade | \$ 23,268 | \$ 3,202 |
| Accrued liabilities | 8,000 | 15,000 |
| | \$ 31,268 | \$ 18,202 |

7. Notes payable

On March 30, 2022, the Company reached debt settlement agreements with certain creditors of the Company in which \$498,986 of payables and \$810,875 of loans plus accrued interest of \$182,689 were settled in exchange for \$1,492,550 in promissory notes. These promissory notes bear interest between 5% and 10% per annum, the principal and the accrued interest mature no later than March 31, 2025.

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

7. Notes payable, cont'd

On December 30, 2022, a note along with accrued interest totalling \$410,482 was settled by the issuance of an unsecured convertible debenture (the "Debenture") in the amount of \$410,482 and 3,569,410 detachable common share purchase warrants (the "New Debt"). The debenture matures 60 months from the date of issuance and bears interest at a rate of 8% per annum payable on maturity. The principal amount of the debenture is convertible into common shares of the Company, at the option of the holder, at a rate of one common share for every \$0.115 of outstanding indebtedness. Each detachable warrant entitles its holder to purchase one common share of the Company at a price of \$0.115 per share for a period of 60 months from the date of issuance.

The debt settlement is considered as a substantial loan modification, therefore the old debt is derecognized and new debt is recognized. Because the term of the New Debt is identical to the debenture unit financing completed on January 6, 2023 (Note 8), the fair value of the New Debt is estimated to be \$410,482 by reference to the debenture unit financing. The New Debt is equivalent to 410.482 debenture units (Note 8).

During the year ended March 31, 2023, a cash repayment of \$850,000 was made and the note incurred total interest of \$100,549. On August 25, 2023, the notes payable balance totaling \$343,310 including principal of \$269,168 and accrued interest of \$74,142 was repaid. For the three months ended June 30, 2024, interest of \$Nil was accrued (2023 - \$7,784).

8. Convertible debentures

On January 6, 2023, the Company completed a private placement for gross proceeds of \$617,000 by issuing 617 debenture units (the "2023 Debenture"). Each debenture unit consists of (i) unsecured convertible debenture in the principal amount of \$1,000 and (ii) 8,695 detachable common share purchase warrants. The 2023 Debenture matures 60 months from the date of issuance and bears interest at a rate of 8% per annum payable on maturity. The principal amount of the debenture is convertible into common shares of the Company, at the option of the holder at a rate of one common share for every \$0.052 (post stock split) of outstanding indebtedness. Each warrant entitles the holder to purchase 2.2 common shares of the Company at a price of \$0.115 per warrant for a period of 60 months from the date of issuance. The total 5,364,815 detachable common share purchase warrants were issued in connection with the January 6, 2023 debenture units financing.

On December 30, 2022, the Company settled a note payable in the amount of \$410,482 by issuing a \$410,482 2023 Debenture and 3,569,410 (7,852,702 post stock split) detachable common share purchase warrants (Note 7).

The gross proceeds of the 2023 Debenture financing (including issued for debt settlement described in Note 7) in the amount of \$1,027,482 were allocated to debt and detachable common share purchase warrants in the amount of \$336,765 and \$690,717, respectively, based on the relative fair value method. The Company incurred transaction costs of \$16,765 in legal fees in connection with the debenture unit financing. This transaction cost was allocated to debt and detachable common share purchase warrants in the amount of \$5,495 and \$11,270, respectively, based on the same method described above. The fair value of the debenture is estimated based on the discounted cash flows using an estimated market rate of 15% assuming no detached warrants. The fair value of the detached common share warrants was estimated to be \$0.16 per share based on the Black-Scholes Option Pricing Model with the following assumptions: expected volatility of 145%; risk free interest rate of 3.74%; expected life of 5 years; and expected dividend yield of nil. The equity component of the conversion feature is estimated to be nominal by applying the residual method. The effective interest rate of the debt is approximately 25.40%.

BEDFORD METALS CORP.**Notes to the interim financial statements****As at and for the three months ended June 30, 2024 and 2023****(Unaudited - Expressed in Canadian Dollars)****8. Convertible debentures, cont'd**

On August 18, 2023, the Company completed a private placement for gross proceeds of \$447,500 by issuing 447.5 debenture units at a price of \$1,000 per debenture unit for gross proceeds of \$447,500. Each debenture unit consists of (i) unsecured convertible debenture (the "2024 Debenture") in the principal amount of \$1,000 and (ii) 9,090 detachable common share purchase warrants. The 2024 Debenture matures 60 months from the date of issuance and bears interest at a rate of 8% per annum payable on maturity. The principal amount of the debenture is convertible into common shares of the Company, at the option of the holder, at a rate of 1 common share for every \$0.05 (post stock split) of outstanding indebtedness. Each warrant entitles the holder to purchase 2.2 common shares of the Company at a price of \$0.11 per warrant for a period of 60 months from the date of issuance. A total of 4,067,775 detachable common share purchase warrants were issued in connection with the August 18, 2023 debenture units financing.

The gross proceeds of the August 2023 debenture unit financing in the amount of \$447,500 were allocated to debt and detachable common share purchase warrants in the amount of \$178,312 and \$269,188, respectively, based on the relative fair value method. The Company incurred transaction costs of approximately \$6,000 in legal fees in connection with the debenture unit financing. This transaction cost was allocated to debt and detachable common share purchase warrants in the amount of \$2,391 and \$3,609, respectively, based on the same method described above. The fair value of the debenture is estimated based on the discounted cash flows using an estimated market rate of 15% assuming no detached warrants. The fair value of the detached common share warrants was estimated to be \$0.14 per share based on the Black-Scholes Option Pricing Model with the following assumptions: expected volatility of 150%; risk free interest rate of 4.018%; expected life of 5 years; and expected dividend yield of nil. The equity component of the conversion feature is estimated to be nominal by applying the residual method. The effective interest rate of the debt is approximately 25.40%.

During the three months ended June 30, 2024, the Company recorded accretion of \$45,563 (2023 - \$26,882).

| | Liability Component | Equity Component and detachable common share purchase warrants | Total |
|---------------------------------------|--------------------------------|---|--------------|
| Balance, April 1, 2023 | \$ 351,433 | \$ - | \$ - |
| Proceeds received | 178,312 | 269,188 | 447,500 |
| Transaction cost | (2,391) | (3,609) | (6,000) |
| Net proceeds | 527,354 | 265,579 | 441,500 |
| Accretion | 148,460 | | |
| Balance, March 31, 2024 | \$ 675,814 | | |
| Debentures converted to common shares | (190,176) | | |
| Interest paid on conversion | (52,715) | | |
| Net proceeds | 432,923 | | |
| Accretion | 45,563 | | |
| Balance, June 30, 2024 | \$ 478,486 | | |

9. Loan payable

During the three months ended June 30, 2024, the Company received a loan of \$30,000 from an investor who is assisting in implementing the Company's business plan. Receipt of this loan provided the working capital for the Company to meet its regulatory obligations. This loan is unsecured, bears interest at 10% per annum and was repaid on May 3, 2024 including interest of \$255.

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

10. Related party transactions

Related Party Balances

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Key management personnel comprise the Company's Board of Directors and executive officers. The related party transactions not disclosed elsewhere in these financial statements are presented below.

At June 30, 2024, included in accounts payable and accrued liabilities was \$1,000 (March 31, 2024 - \$1,575) owing to the CFO in respect of fees.

Related Party Transactions

No remuneration was paid or payable to key management personnel during the three months ended June 30, 2024 and 2023 other than that shown below:

- a) consulting fees of \$1,500 (2023 - \$ Nil) to the CFO of the Company;
- b) consulting fees of \$3,750 (2023 - \$Nil) to the CEO of the Company;
- c) consulting fees of \$750 (2023 - \$750) to a director of the Company.

11. Capital management

The Company manages its capital structure, consisting of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the three months ended June 30, 2024.

12. Financial instruments and risk management

Financial instruments

Fair value

As at June 30, 2024, the Company's financial instruments consisted of cash, short-term investments, accounts payable and accrued liabilities, and convertible debentures. In management's opinion, the Company's carrying values of cash, short-term investments and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these instruments. Management is required to assess the appropriate market interest rates for the convertible debentures in order to estimate their fair value. These liabilities are initially recognized at fair value and subsequently measured at amortized cost. The convertible debentures were newly acquired and management believes that their fair value is not materially different from their carrying value as at June 30, 2024.

BEDFORD METALS CORP.**Notes to the interim financial statements****As at and for the three months ended June 30, 2024 and 2023****(Unaudited - Expressed in Canadian Dollars)****12. Financial instruments and risk management (cont'd)****Financial instruments**

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 which are observable for the asset or liability either directly or indirectly;

Level 3: Inputs that are not based on observable market data

As at and during the three months ended June 30, 2024 and 2023, the Company does not have financial instruments measured at fair value on a recurring basis.

Categories of financial instruments

The Company has the following financial instruments as at June 30, 2024 and 2023:

| | June 30, 2024 | March 31, 2024 |
|--|----------------------|-----------------------|
| Financial assets | | |
| Amortized cost | | |
| Cash | \$ 154,306 | \$ 61,027 |
| Short-term investments | 900,000 | - |
| Other receivables | 1,723 | - |
| | \$ 1,056,029 | \$ 61,027 |
| Financial liabilities | | |
| Amortized cost | | |
| Accounts payable and accrued liabilities | \$ 31,268 | \$ 18,202 |
| Convertible debentures | 478,486 | 675,814 |
| | \$ 509,754 | \$ 694,016 |

Risk management***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and short-term investments. The majority of cash and short-term investments is held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its GST receivable is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to incur interest expense on loan payable balances at fixed rates. The risk is minimal.

BEDFORD METALS CORP.

Notes to the interim financial statements

As at and for the three months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

12. Financial instruments and risk management, cont'd

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall 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. At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in the past, there is no guarantee of obtaining future financing.

13. Subsequent events

- i. On July 8, 2024, the Company entered into a property option agreement with an arm's length third party to acquire a 100% interest in the Sheppard Lake Property (Saskatchewan, Canada). The Company can acquire the interest by making a series of payments totaling \$300,000 (of which \$5,000 has been paid) and incurring exploration expenditures of \$100,000 over a three year period.
- ii. Subsequent to June 30, 2024, the Company issued 6,474,876 common shares pursuant to the exercise of \$334,482 convertible debentures. The Company issued 4,400,000 common shares pursuant to the exercise of warrants for total gross proceeds of \$230,000 (subscriptions received in June, 2024).