

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

For the Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	July 31, 2024 (unaudited)	April 30, 2024
ASSETS		
Current assets		
Cash	\$ 2,154,382	\$ 2,387,564
Prepaid expenses (Note 7)	53,821	65,005
Amounts receivable	8,320	3,592
	2,216,523	2,456,161
Equipment (Note 4)	30,601	32,367
Exploration and evaluation assets (Note 3)	3	3
TOTAL ASSETS	\$ 2,247,127	\$ 2,488,531
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 22,170	\$ 96,294
TOTAL LIABILITIES	22,170	96,294
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	23,100,595	23,100,595
Reserves (Note 5)	3,168,335	3,168,335
Deficit	(24,043,973)	(23,876,693)
TOTAL SHAREHOLDERS' EQUITY	2,224,957	2,392,237
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,247,127	\$ 2,488,531

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on September 25, 2024:

"Steven Butler"

Steven Butler, Director

"Vince Sorace"

Vince Sorace, Director

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

	Three Months Ended July 31,	
	2024	2023
Expenses		
General and administrative services	\$ 73,616	\$ 63,684
Consulting fees (Note 7)	2,126	86,627
Foreign exchange	18,772	3,284
Marketing	-	16,736
Management fees (Note 7)	60,851	136,900
Professional fees	958	6,252
Transfer agent, regulatory and listing fees	9,191	27,362
Travel	-	17,249
Stock-based compensation (Note 5,7)	-	47,881
Depreciation (Note 4)	1,766	-
	\$ (167,280)	\$ (405,975)
Other Items		
Recovery of exploration and evaluation assets (Note 3)	-	57,751
Loss and comprehensive loss for the year	\$ (167,280)	\$ (348,224)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding, basic and diluted	65,111,145	65,111,145

SERRA ENERGY METALS CORP

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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars, except share amounts - unaudited)

	Share capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance at May 1, 2023	65,111,145	\$ 23,100,595	\$ 3,230,002	\$ (11,446,147)	\$ 14,884,450
Stock-based compensation (Note 5)	-	-	47,881	-	47,881
Loss for the year	-	-	-	(348,224)	(348,224)
Balance at July 31, 2023	65,111,145	\$ 23,100,595	\$ 3,277,883	\$ (11,794,371)	\$ 14,584,107
Balance at May 1, 2024	65,111,145	\$ 23,100,595	\$ 3,168,335	\$ (23,876,693)	\$ 2,392,237
Loss for the year	-	-	-	(167,280)	(167,280)
Balance at July 31, 2024	65,111,145	\$ 23,100,595	\$ 3,168,335	\$ (24,043,973)	\$ 2,224,957

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars - unaudited)

	Three months ended July 31,			
	2024		2023	
Operating activities				
Loss for the year	\$	(167,280)	\$	(348,224)
Item not involving cash:				
Depreciation		1,766		-
Conversion of short-term loan to investment in subsidiary		-		67,890
Stock-based compensation		-		47,881
Changes in non-cash working capital items:				
Amounts receivable		(4,728)		(10,450)
Prepaid expenses		11,184		50,589
Short term loan		-		-
Accounts payable and accrued liabilities		(74,124)		(162,635)
Net cash flows used in operating activities		(233,182)		(354,949)
Investing activities				
Exploration and evaluation assets and deposits		-		(61,089)
Net cash flows used in investing activities		-		(61,089)
Change in cash		(233,182)		(416,038)
Cash, beginning		2,387,564		4,051,553
Cash, ending	\$	2,154,382	\$	3,635,515
Supplemental disclosure with respect to cashflows				
Exploration and evaluation asset costs in accounts payable and accrued liabilities	\$	-	\$	4,253

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

1. Nature of operations and going concern

Serra Energy Metals Corp. (the "Company") was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. On October 18, 2023, the Company changed their name to Serra Energy Metals Corp. (from E79 Resources Corp.). The Company is a resource exploration company that is acquiring and exploring mineral properties. The head office, principal address and records office of the Company are located at 907-1030 West Georgia Street, Vancouver BC. The Company's common shares are traded on the Canadian Securities Exchange under the trading symbol SEEM and on the OTCQB under the symbol ESVNF.

These condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At July 31, 2024, the Company had working capital of \$2,194,353 but had not yet achieved profitable operations, had accumulated losses of \$24,043,973 since its inception and expects to incur further losses in the development of its property. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management estimates that it has sufficient working capital to continue operations for the next twelve months.

2. Basis of preparation

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended April 30, 2024 and have been consistently followed in the preparation of these condensed consolidated interim financial statements. Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's condensed interim financial statements.

Statement of compliance with International Financial Reporting Standards

The 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") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended April 30, 2024, and the significant accounting policies therein.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit and loss, which are stated at their fair values. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars unless otherwise specified.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

2. Basis of preparation (cont'd)

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, E79 Resources Pty. Ltd, E79 Services Pty Ltd., and Green Metals do Brasil Ltda. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Use of estimates and judgements

The preparation of the Company's condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. 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.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) **Going concern:**
The assessment of the Company's ability to continue as a going concern and to concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.
- ii) **Economic recoverability and probability of future benefits of exploration and evaluation costs:**
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. The carrying value and recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- iii) **Valuation of stock-based compensation:**
The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

2. Basis of preparation (cont'd)

iv) Income taxes:

The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at July 31, 2024, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

3. Exploration and evaluation assets

Beaufort Property

Beaufort is a 100% owned exploration tenement located in Australia.

During the year ended April 30, 2023, the carrying cost of the project was reviewed and the Company determined it has no plans to further explore the property, resulting in the project being impaired to \$1.

Myrtleford Property

Myrtleford is a 100% owned exploration license located in Australia.

During the year ended April 30, 2024, the carrying cost of the project was reviewed and the Company determined it has no plans to further explore the property, resulting in the project being impaired to \$1.

Santa Luz Property

During the year ended April 30, 2024, the Company acquired a 100% interest in various exploration tenements in Brazil.

During the year ended April 30, 2024, the carrying cost of the project was reviewed and the Company determined it has no plans to further explore the property, resulting in the project being impaired to \$1.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

3. Exploration and evaluation assets (cont'd)

A continuity of acquisition costs included in exploration and evaluation assets is as follows:

	Total for three months ended				Total for year ended			
	BRAZIL		AUSTRALIA		July 31, 2024		BRAZIL	
	Santa Luz	Beaufort	Myrtleford				Santa Luz	Beaufort
Property acquisition costs								
Balance, beginning	\$ 1	\$ 1	\$ 1	\$ 3	\$ -	\$ 1	\$ 6,450,700	\$ 6,450,701
Additions	-	-	-	-	15,789	-	-	15,789
Impairment	-	-	-	-	(15,788)	-	(6,450,699)	(6,466,487)
Balance, ending	\$ 1	\$ 1	\$ 1	\$ 3	1	\$ 1	1	\$ 3
Exploration and evaluation costs								
Balance, beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,483,306	\$ 4,483,306
Consulting, management and sub-contractors	-	-	-	-	140,718	-	15,025	155,743
Soil sampling and assay	-	-	-	-	10,493	-	25,002	35,495
Geophysics	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	535	535
Other costs	-	-	-	-	5,602	-	24,733	30,335
Recovery of costs	-	-	-	-	-	-	(57,751)	(57,751)
Balance, ending	\$ -	\$ -	\$ -	\$ -	156,813	\$ -	4,490,850	\$ 4,647,663
Impairment	-	-	-	-	(156,813)	-	(4,990,850)	(4,647,663)
Total	\$ 1	\$ 1	\$ 1	\$ 3	1	\$ 1	1	\$ 3

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

4. Equipment

	Total
Cost	
Balance, April 30, 2023	\$ -
Additions	35,310
Balance, April 30, 2024	35,310
Additions	-
Balance, July 31, 2024	\$ 35,310
Accumulated amortization	
Balance, April 30, 2023	\$ -
Depreciation	(2,943)
Balance April 30, 2024	(2,943)
Depreciation	(1,766)
Balance July 31, 2024	\$ (4,709)
Net book value	
Balance, April 30, 2024	32,367
Balance, July 31, 2024	\$ 30,601

5. Share capital

Authorized share capital

Unlimited number of common shares without par value (April 30, 2024 – Unlimited). As at July 31, 2024, no shares were held in escrow (April 30, 2024 – Nil).

Issued share capital

65,111,145 common shares were issued and outstanding at July 31, 2024 (April 30, 2024 - 65,111,145).

There was no share capital activity for the three months ended July 31, 2024 and 2023.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted, and that the options granted will have an exercise price of not less than market price and an expiry date of not more than ten years from the date of grant. Vesting of stock options is at the discretion of the Board of Directors.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

5. Share capital (cont'd)

Stock options

Stock options transactions are summarized as follows:

	Number of Options	Weighted average exercise price
Outstanding, April 30, 2023	4,625,000	\$ 0.70
Expired	(312,500)	0.92
Forfeited	(400,000)	0.59
Outstanding, April 30, 2024	3,912,500	\$ 0.69
Forfeited	(1,287,500)	0.56
Outstanding, July 31, 2024	2,625,000	\$ 0.75

Details of options outstanding as at July 31, 2024 are as follows:

Exercise Price	Expiry Date	Balance, end of year	Exercisable
\$0.75	December 9, 2025	2,550,000	2,900,000
\$0.78	January 29, 2026	75,000	75,000
		2,625,000	2,625,000

At July 31, 2024, the weighted-average remaining contractual life of stock options was 1.36 years (April 30, 2024 – 1.95 years).

During the three months ended July 31, 2024, the Company recognized \$Nil in share-based compensation (2023 - \$47,881) associated with the vesting and forfeiture of stock options.

6. Segmented information

The Company operates in a single operating segment being the exploration and evaluation of mineral properties.

The Company's non-current assets are segmented geographically as follows:

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

6. Segmented information (continued)

	Australia	Brazil	Canada	Total
As at July 31, 2024				
Exploration and evaluation assets	2	1	-	3
Equipment			30,601	30,601
	\$ 2	\$ 1	\$ 30,601	\$ 30,604
As at April 30, 2024				
Exploration and evaluation assets	2	1	-	3
Equipment			32,367	32,367
	\$ 2	\$ 1	\$ 32,367	\$ 32,370

7. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Key management compensation is as follows:

	Three months ended July 31,	
	2024	2023
Management fees	\$ 55,215	\$ 136,900
Stock-based compensation	-	39,822
	\$ 55,215	\$ 176,722

Related party balances

As at July 31, 2024 and 2023 there were no amounts owing to directors and officers of the Company.

As at July 31, 2024, \$Nil (April 30, 2024- \$6,000) was included in prepaid expenses to directors of the Company.

8. Financial risk and capital management

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

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

8. Financial risk and capital management (cont'd)

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. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal. The Company's maximum exposure to credit risk is the carrying amount of cash and amounts receivable.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in Australian dollars ("AUD") and Brazilian real ("BRL") while its functional currency is the Canadian dollar ("CAD").

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in AUD:

	July 31, 2024	April 30, 2024
Cash	\$ 26,360	\$ 42,863
Accounts payable	(1,652)	(49,243)
	\$ 24,708	\$ (6,380)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in BRL:

	July 31, 2024	April 30, 2024
Cash	\$ 3,725	\$ 12,838

Based on the above net exposures, as at July 31, 2024, a 10% change in Australian dollar to the Canadian dollar and Brazilian real to the Canadian dollar would impact the Company's net loss by \$2,400 and \$380 respectively (April 30, 2024 - \$650, \$1,300)

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 ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company has assessed liquidity risk as low as at July 31, 2024 due to the Company's cash balance.

SERRA ENERGY METALS CORP

(formerly E79 Resources Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

9. Financial risk and capital management (cont'd)

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risk. The Company is not exposed to significant interest or other price risk.

Capital Management

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the three months ended July 31, 2024.

Fair value

The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities.

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 Company's cash is measured at amortized cost. The fair value of financial instruments recognized at amortized cost approximates their carrying values due to the short-term nature of these investments.