



VELOCITY
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

for the three months ended

March 31, 2024 and 2023

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

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NOTICE TO READER

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

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2024 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

VELOCITY MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at

	March 31, 2024	December 31, 2023
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 3,071,327	\$ 3,154,881
Receivables (Note 4)	396,824	319,952
Lease receivable, current	95,149	40,992
Prepaid expenses and deposits	69,678	47,524
	3,632,978	3,563,349
Lease receivable	24,823	27,521
Property and equipment	146,528	237,054
Exploration and evaluation assets (Note 6)	26,337,814	26,035,277
	\$ 30,142,143	\$ 29,863,201
LIABILITIES AND EQUITY		
Current		
Trade and other payables	\$ 822,997	\$ 543,786
Advances from partner for exploration (Note 5)	453,836	267,238
Lease liabilities, current	107,747	94,896
	1,384,580	905,920
Lease liabilities, long term	35,174	70,571
	1,419,754	976,491
Shareholders' equity		
Share capital (Note 7)	44,603,654	44,578,654
Reserves (Note 7)	2,602,824	2,505,341
Deficit	(23,220,160)	(22,935,664)
	23,986,318	24,148,331
Non-controlling interest (Note 8)	4,736,071	4,738,379
	28,722,389	28,886,710
	\$ 30,142,143	\$ 29,863,201

Nature and continuance of operations (Note 1)
Subsequent events (Note 6(e), Note 15)

On behalf of the Board on May 28, 2024

“Keith Henderson” Director

“Michelle Roth” Director

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

VELOCITY MINERALS LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2024	2023
EXPENSES		
Consulting	\$ 52,483	\$ 12,733
Depreciation	1,724	19,388
Investor relations	3,478	4,746
Office and general	33,123	50,177
Professional fees	38,679	69,009
Project evaluation (Note 9 and 10)	102,799	81,341
Regulatory and transfer agent fees	11,166	20,648
Salaries and benefits (Note 10)	159,474	173,762
Share-based compensation (Note 7 and 10)	68,151	60,597
Travel	3,180	10,475
	(474,257)	(502,876)
OTHER INCOME (EXPENSES)		
Operator fees earned (Note 5)	179,811	-
Foreign exchange gain (loss)	33,655	(1,239)
Interest expense	(5,955)	(9,374)
Interest income	9,210	5,423
Other income (expense)	(29,268)	-
Total other income (expenses)	187,453	(5,190)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(286,804)	(508,066)
Loss and comprehensive loss attributable to:		
Owners of the Company	(284,496)	(491,942)
Non-controlling interest	(2,308)	(16,124)
	(286,804)	(508,066)
Loss per common share		
-Basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		
-Basic and diluted	196,079,471	160,612,252

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

VELOCITY MINERALS LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

	Share capital		Reserves	Non-controlling interest	Deficit	Total
	Number of common shares	Amount				
Balance, December 31, 2022	160,278,919	\$ 40,309,367	\$ 2,083,722	\$ 4,628,904	\$ (21,133,013)	\$ 25,888,980
Shares issued in private placements at \$0.15 per share, net of share issuance costs	10,000,000	1,451,698	10,830	-	-	1,462,528
Share-based compensation	-	-	86,691	-	-	86,691
Loss and comprehensive loss	-	-	-	(16,124)	(491,942)	(508,066)
Balance, March 31, 2023	170,278,919	\$ 41,761,065	\$ 2,181,243	\$ 4,612,780	\$ (21,624,955)	\$ 26,930,133
Balance, December 31, 2023	195,950,395	\$ 44,578,654	\$ 2,505,341	\$ 4,738,379	\$ (22,935,664)	\$ 28,886,710
Shares issued for consulting fees	250,000	25,000	-	-	-	25,000
Share-based compensation	-	-	97,483	-	-	97,483
Loss and comprehensive loss	-	-	-	(2,308)	(284,496)	(286,804)
Balance, March 31, 2024	196,200,395	\$ 44,603,654	\$ 2,602,824	\$ 4,736,071	\$ (23,220,160)	\$ 28,722,389

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

VELOCITY MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Three months ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (286,804)	\$ (508,066)
Adjustments for:		
Depreciation	1,724	19,388
Depreciation included in project evaluation	-	10,338
Foreign exchange gain, unrealized	(41)	678
Share-based compensation	68,151	60,597
Shares issued for consulting fees	25,000	-
Lease receivable interest	(5,617)	(3,242)
Lease liability interest	5,955	9,374
Interest income	(9,210)	(1,410)
Changes in non-cash working capital items:		
Receivables	(69,327)	25,833
Prepaid expenses and deposits	(22,154)	3,413
Trade and other payables	38,328	(47,275)
Net cash used in operating activities	(253,995)	(430,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	-	1,462,528
Lease proceeds	19,507	9,000
Lease payments	(28,460)	(38,449)
Net cash (used in) provided by financing activities	(8,953)	1,433,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,126,501)	(220,530)
Advances from partners	1,304,230	-
Interest received	1,665	1,361
Net cash provided by (used in) investing activities	179,394	(219,169)
Change in cash and cash equivalents during the period	(83,554)	783,538
Cash and cash equivalents, beginning of period	3,154,881	1,067,763
Cash and cash equivalents, end of period	\$ 3,071,327	\$ 1,851,301
Cash	\$ 2,799,700	\$ 1,578,165
Cash equivalents	222,485	186,867
Restricted cash	195,391	86,269
	\$ 3,071,327	\$ 1,851,301

Supplemental disclosure with respect to cash flows (Note 11)

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

VELOCITY MINERALS LTD.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

Velocity Minerals Ltd. (“Velocity” or, the “Company”) was incorporated under the laws of the province of Alberta on September 22, 2000 and was continued into British Columbia on December 2, 2004. The mailing address of the Company is Suite 890 – 999 West Hastings Street, Vancouver, BC, V6C 2W2, Canada. The registered and records offices of the Company are located at Suite 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

The common shares of the Company trade on the TSX Venture Exchange (“TSX-V”) with the symbol “VLC.V” as well as on the OTCQB Venture Market under the symbol “VLCJF”. The Company is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria.

The Company is in the process of exploring its mineral resource properties and evaluating new properties for potential acquisition. The Company has determined that it has one mineral reserve but has not yet determined whether its other properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

As at March 31, 2024, the Company has working capital of \$2,284,398 (December 31, 2023 - \$2,657,429), including restricted cash of \$76,236 (December 31, 2023 - \$79,646) and an accumulated deficit of \$23,220,160 (December 31, 2023 - \$22,935,664).

The Company expects to incur further losses in the development of its business. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. There is no assurance, however, that future financings will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal courses of business rather than through a process of forced liquidation. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION**Statement of compliance**

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent 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”).

VELOCITY MINERALS LTD.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

2. BASIS OF PREPARATION (cont'd...)**Basis of presentation**

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows for the three months ended and as at March 31, 2024 and 2023 have been included. Operating results for the three-month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The functional currency and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Basis of consolidation

These consolidated financial statements represent the results of the Company and its subsidiaries. Amounts are reported in Canadian dollars, unless otherwise indicated.

Subsidiary	Location	Ownership Interest
Velocity Exploration Ltd. ("Velocity Exploration")	Canada	100%
Kibela Minerals AD ("Kibela")	Bulgaria	100%
Kabiri Minerals EOOD ("Kabiri")	Bulgaria	100%
Tintyava Exploration AD ("Tintyava")	Bulgaria	70%
Tintyava AgriBio EOOD ("Tintyava AgriBio")	Bulgaria	70%
Tethyan Exploration EOOD ("Tethyan")	Bulgaria	100%
Balkan Minerals Development EOOD ("BMD")	Bulgaria	100%
Zlatusha Minerals EOOD ("Zlatusha")	Bulgaria	100%

The Company established its subsidiary Zlatusha during the year ended December 31, 2023.

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern their financial and operating policies. The Company attributes total comprehensive loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

2. BASIS OF PREPARATION (cont'd...)

Material accounting policies

The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2023 and 2022.

New and amended IFRS standards that are effective for the current year:

There were no new accounting standards effective January 1, 2024 that impacted these condensed interim consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

There were no accounting standards or amendments to existing standards issued but not yet adopted as of January 1, 2024 that are expected to have a material effect on the Company's financial statements in the future.

Material accounting judgments, estimates and assumptions

Estimates and judgments are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are continuously evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended December 31, 2023.

VELOCITY MINERALS LTD.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

3. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023
Cash and cash equivalents held with banks in Canadian dollars	\$ 1,879,772	\$ 2,279,323
Cash and restricted cash held with banks in foreign currencies	1,091,952	875,558
Total	\$ 3,071,327	\$ 3,154,881

4. RECEIVABLES

	March 31, 2024	December 31, 2023
Receivable and other	\$ 184,505	\$ 145,772
Taxes receivable	212,319	174,180
Total	\$ 396,824	\$ 319,952

As at March 31, 2024 Receivables include an amount for operator fees of \$179,811 (Note 6) (December 31, 2023 - \$102,819).

As at March 31, 2024, the Company's taxes receivable relate to operations in Bulgaria and Canada. All of the amounts are current and receivable within 90 days.

5. PARTNER FUNDED EXPLORATION

As at March 31, 2024 exploration programs funded by a partner and operator fees earned are in respect to the Company's Igluka Property (Note 6(d)). The balance of this account at March 31, 2024 was \$453,836 (December 31, 2023 - \$267,238).

6. 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 its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

a) Tintyava Property – Bulgaria

On July 19, 2017, the Company, through its subsidiary Kibela, entered into an option agreement whereby the Company was granted an option by Gorubso-Kardzhali AD ("Gorubso") to acquire an undivided 70% legal and beneficial interest in Tintyava, an entity owned by Gorubso that holds a 100% interest in a prospecting and exploration permit located in south-eastern Bulgaria (the "Tintyava Option").

For the Company to exercise the Tintyava Option, it had to make the payment of a tender fee of 360,000 BGN (\$266,760) to the Ministry of Energy of the Republic of Bulgaria and deliver a preliminary economic assessment on the Tintyava Property prepared under National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101"). During 2019, the Company met the obligations of the option agreement and exercised its option to acquire an undivided 70% interest in the Tintyava property. As a result, on March 1, 2019, shares of Tintyava, representing 70% ownership by the Company, were registered in the name of Kibela.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

b) Nadezhda Property and Dangovo Property – Bulgaria

Nadezhda Property

On March 5, 2019, the Company entered into an option agreement for the Nadezhda project, which is centered on the Makedontsi deposit. Under the terms of the option agreement, the Company can earn a 70% interest in the Nadezhda project by delivering certain data and reports including a mineral resource estimate prepared under National Instrument 43-101 of the Canadian Securities Administrators. The term of the option agreement is six years.

On November 16, 2021, the Company announced that it had met its obligation under the option agreement and had exercised its option and earned a 70% interest in the Nadezhda project and to be in joint venture with Gorubso for the further development of the Nadezhda project. As at December 31, 2023 the joint venture entity had not been formed.

Dangovo Property

The Dangovo property was acquired by means of staking and the prospecting license contract with the Ministry of Energy came into effect on August 23, 2022. The Dangovo property is contiguous with the Company's Nadezhda property (Makedontsi project), where a historical resource is registered with the Bulgarian State. Dangovo was acquired to explore for potential extensions of known gold mineralization at Makedontsi project.

c) Momchil Property – Bulgaria

On March 5, 2019, the Company entered into an option agreement for the Momchil project, which is centered on the Obichnik deposit. Under the terms of the option agreement, the Company can earn a 70% interest in the Momchil project by delivering certain data and reports including a mineral resource estimate prepared under NI 43-101.

On June 23, 2021, the Company announced that it had met its obligation under the option agreement and had exercised its option and earned a 70% interest in the Momchil project and to be in joint venture with Gorubso for the further development of the Momchil project. As at December 31, 2023 the joint venture entity had not been formed.

d) Iglika Property – Bulgaria

On June 26, 2020, the Company entered into a letter agreement with Balkan Minerals Development OOD ("BMD"), a Bulgarian private company, and its shareholders, for an exclusive option to acquire a 100% interest in the Iglika gold-copper property ("Iglika") through acquiring all of the issued and outstanding shares of BMD.

On February 19, 2021, the parties entered into a definitive agreement, which amended the terms of the letter agreement. Pursuant to the terms of the definitive agreement, the Company could acquire 100% of BMD shares by incurring EUR 300,000 in exploration and evaluation by December 31, 2021. On March 2, 2021, the Company acquired 100% of BMD shares. BMD former shareholders have retained a 2% net smelter returns royalty capped at US\$5,000,000. At any time, 1.5% of the royalty can be purchased for EUR 1,500,000.

Dundee Precious Metals Inc. Earn-in

On June 12, 2023, the Company announced that it had entered into a binding letter agreement (the "DPM Letter Agreement") with Dundee Precious Metals Inc. ("DPM"), whereby the Company granted to DPM an exclusive option to acquire a 75% interest in and to the Iglika property.

To exercise the option in full, DPM must fulfill the following obligations, which are phased over a five-year period ending on June, 2028 :

- (i) make a US\$250,000 initial cash payment to the Company (Funds received on June 12, 2023- \$334,150);
- (ii) fund a total of 40,000 meters of drilling at Iglika;
- (iii) fund and deliver a mineral resource estimate at Iglika, prepared in accordance with NI 43-101;
- (iv) fund and deliver a prefeasibility study on a deposit located at Iglika prepared in accordance with NI 43-101; and
- (v) make a further US\$1,500,000 cash payment to the Company.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

d) Iglika Property – Bulgaria (cont'd...)

Dundee Precious Metals Inc. Earn-in (cont'd...)

Since entering into the DPM Letter Agreement to December 31, 2023, the Company incurred exploration and evaluation expenditures on the Iglika project in the amount of \$2,851,064 and received a cash advance of \$3,262,155 advance from DPM for exploration program on Iglika project (Note 5).

e) Zlatusha Property – Bulgaria

The Company entered into a binding letter agreement with Zelenrok EOOD (“Zelenrok”), a wholly-owned subsidiary of Raiden Resources Limited (collectively with Zelenrok, “Raiden”), on January 23, 2023, as amended on April 10, 2023. Pursuant to the binding letter agreement the Company has been granted an exclusive option to acquire, in two stages, up to a 75% interest in the prospecting and exploration license Zlatusha copper-gold property (“Zlatusha property”) located in Bulgaria. The option consists of a first option to acquire up to a 51% interest (the “First Option”) and a second option (the “Second Option”) to acquire an additional 24% (aggregate 75%) interest in and to the property.

The binding letter agreement was further amended on May 9, 2024. Under the terms of the amendment, the Company is not required to incur any additional exploration expenditures on the Zlatusha property or make any cash or share payments to Raiden, until such time as the term of the Zlatusha prospecting and exploration license has been extended and the work program related to the extension has been approved by the Bulgarian authorities. Once all approvals have been received, and if Raiden and the Company agree that a social license is in place to support the resumption of exploration activities, the Company's obligations under the option will resume (the “Restart”).

To exercise the First Option and acquire a 51% interest in Zlatusha property, the Company must fulfill the following requirements within a period of three years: (i) make cash payments in the aggregate amount of \$250,000; (ii) make payments in the aggregate amount of \$320,000, payable in cash or common shares of the Company, of which \$220,000 is payable within 10 business days of the TSXV approval and are to be paid in shares (1,334,951 shares issued on April 18, 2023); (iii) complete 28,000m of drilling on the Property, of which 8,000 m by the end of the first anniversary, 10,000 m by the end of the second anniversary and 10,000 by the end of the first anniversary following the Restart; (iv) deliver an Inferred Mineral Resource estimate on a deposit on Zlatusha property prepared in accordance with NI 43-101.

To exercise the Second Option and acquire an additional 24% interest in Zlatusha property (for an aggregate of 75%), the Company must fulfill the following requirements within a period of two years after exercising the First Option: (i) make cash payments in the aggregate amount of \$350,000; (ii) make payments in the aggregate amount of \$100,000, payable in cash or common shares of the Company; (iii) complete 12,000m of drilling on Zlatusha property; (iv) deliver a Preliminary Economic Assessment on a deposit on the Zlatusha property prepared in accordance with NI 43-101.

The Zlatusha property is subject to an existing 2% net smelter royalty held by Gold Bull Resources Corp. (the “Gold Bull Royalty”), of which, prior to commencement of commercial production: (i) an initial 0.5% of the total Gold Bull Royalty can be purchased for USD\$2,500,000 (reducing the Gold Bull Royalty from 2% to 1.5%); and (ii) a further 1% of the total Gold Bull Royalty can be purchased for USD\$5,000,000 (reducing the Gold Bull Royalty from 1.5% to 0.5%).

f) Kalabak Property – Bulgaria

On August 9, 2023, the Company announced that it had entered into a letter agreement with Raiden whereby the Company has been granted an exclusive option to acquire a 75% interest in and to the prospecting and exploration license covering the Kalabak gold-copper property, located in southeastern Bulgaria.

On January 9, 2024 the Company relinquished the option to acquire a 75% interest in Kalabak property. Therefore, at December 31, 2023 the property's recoverable value was determined to be \$nil, leading to an impairment write-down of \$73,930 as at December 31, 2023.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)g) Exploration and evaluation assets continuity

	Tintyava	Nadezhda & Dangovo	Momchil	Iglika	Zlatusha	Total
	\$	\$	\$	\$	\$	\$
<i>Acquisition costs</i>						
Balance, December 31, 2023	2,139,654	109,498	42,081	-	267,969	2,559,202
Legal and claim fees	-	-	-	25,212	2,707	27,919
Balance, March 31, 2024	2,139,654	109,498	42,081	25,212	270,676	2,587,121
<i>Exploration and evaluation</i>						
Balance, December 31, 2023	14,638,240	691,365	5,492,493	2,144,103	509,874	23,476,075
Community relations	-	-	-	3,219	2,939	6,158
Drilling and assays	-	-	-	874,670	-	874,670
Metallurgy, engineering, environmental studies	33,350	-	-	-	-	33,350
Field and vehicles	20,105	-	-	84,353	23,009	127,467
Geological	26,891	-	-	16,916	10,819	54,626
Geochemistry	-	-	-	-	23,232	23,232
Salaries	32,295	-	-	138,474	72,646	243,415
Share-based compensation	7,840	-	-	17,533	3,959	29,332
Additions for the period	120,481	-	-	1,135,165	136,604	1,392,250
Partner funded exploration program	-	-	-	(1,117,632)	-	(1,117,632)
Balance, March 31, 2024	14,758,721	691,365	5,492,493	2,161,636	646,478	23,750,693
Balance, March 31, 2024	16,898,375	800,863	5,534,574	2,186,848	917,154	26,337,814

VELOCITY MINERALS LTD.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the three months ended March 31, 2024 and 2023

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

g) Exploration and evaluation assets continuity (cont'd...)

	Tintyava	Nadezhda & Dangovo	Momchil	Iglika	Zlatusha	Kalabak	Total
	\$	\$	\$	\$	\$	\$	\$
<i>Acquisition costs</i>							
Balance, December 31, 2022	2,103,325	108,669	42,081	147,161	-	-	2,401,236
Property option proceeds	-	-	-	(325,198)	-	-	(325,198)
Property option payments	-	-	-	-	220,000	-	220,000
Legal and claim fees	36,329	829	-	178,037	47,969	8,293	271,457
Additions (recovery) for the year	36,329	829	-	(147,161)	267,969	8,293	166,259
Balance, December 31, 2023	2,139,654	109,498	42,081	-	267,969	8,293	2,567,495
<i>Exploration and evaluation</i>							
Balance, December 31, 2022	14,147,897	667,281	5,486,620	2,025,410	-	-	22,327,208
Community relations	-	-	-	11,391	8,522	-	19,913
Drilling and assays	-	-	-	945,180	-	-	945,180
Metallurgy, engineering, environmental studies	44,882	-	-	-	-	-	44,882
Field and vehicles	122,514	1,306	-	120,328	73,631	9,836	327,615
Geological	117,480	10,084	2,029	81,489	10,763	4,435	226,280
Geochemistry	-	-	-	254,106	207,228	20,278	481,612
Geophysics	-	-	-	56,398	-	-	56,398
Salaries	163,649	10,347	-	301,781	201,800	31,088	708,665
Share-based compensation	41,818	2,347	3,844	47,659	7,930	-	103,598
Additions for the year	490,343	24,084	5,873	1,818,332	509,874	65,637	2,914,143
Property option proceeds	-	-	-	(8,952)	-	-	(8,952)
Partner funded exploration programs	-	-	-	(1,690,687)	-	-	(1,690,687)
Balance, December 31, 2023	14,638,240	691,365	5,492,493	2,144,103	509,874	65,637	23,541,712
Impairment	-	-	-	-	-	(73,930)	(73,930)
Balance, December 31, 2023	16,777,894	800,863	5,534,574	2,144,103	777,843	-	26,035,277

VELOCITY MINERALS LTD.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

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7. SHARE CAPITAL AND RESERVES*Authorized share capital*

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

*Issued share capital*Three months ended March 31, 2024*Shares issued for services*

During the three months March 31, 2024, the Company issued 250,000 commons shares fair valued at \$25,000 for consulting fees, pursuant to a strategic review process advisory agreement, of which 125,000 commons shares fair valued at \$13,750 were in respect to consulting fees provided during the three-month period ended on December 31, 2023.

Three months ended March 31, 2023*March 2023 financing*

On March 28, 2023, the Company closed a non-brokered private placement by the issuance of 10,000,000 units of the Company priced at \$0.15 per unit for total gross proceeds of \$1,500,000. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one share at a price of \$0.25 per share until September 28, 2024.

In connection with the financing, the Company paid finder's fees consisting of \$28,000 in cash and issued 186,666 non-transferable finders' warrants. Each finders' warrant entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.15 per share until March 28, 2024.

In addition, the Company incurred \$9,472 in legal and regulatory fees in connection with the financing.

The fair value of the finders' warrants was estimated at \$10,830 using Black-Scholes with the following assumptions: a risk-free interest rate of 3.7%; expected volatility of 72%; an expected life of 1 year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

Stock options

The Company has an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical 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. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2022	6,526,000	\$ 0.35
Granted	3,665,000	0.16
Forfeited	(595,000)	0.30
As at December 31, 2023	9,596,000	\$ 0.28
Granted	3,455,000	0.11
Forfeited	(139,000)	0.39
Number of options outstanding March 31, 2024	12,912,000	\$ 0.23
Number of options exercisable, March 31, 2024	4,239,050	\$ 0.35

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7. SHARE CAPITAL AND RESERVES (cont'd...)**Stock options (cont'd...)**

As at March 31, 2024, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

Number of Stock options Outstanding	Number of Stock options Exercisable	Exercise Price	Expiry Date	Remaining life in years
800,000	800,000	\$0.48	August 11, 2025	1.4
1,142,000	947,860	\$0.45	May 12, 2026	2.1
3,695,000	1,840,110	\$0.30	May 31, 2027	3.2
200,000	99,960	\$0.25	August 16, 2027	3.4
3,320,000	551,120	\$0.16	June 22, 2028	4.2
300,000	-	\$0.13	October 2, 2028	4.5
3,455,000	-	\$0.11	January 10, 2029	4.8
12,912,000	4,239,050	\$0.23		3.7

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the three months ended March 31, 2024:

	Three months ended March 31, 2024
Expected life of options (years)	4.0
Annualized volatility	66%
Dividend rate	-
Risk-free rate	3.44%
Weighted average fair value per option granted	\$ 0.06
Weighted average exercise price per option granted	\$ 0.11

There were no new stock option grants during the three months ended March 31, 2023.

The Company recognized share-based compensation as follows:

	Three months ended March 31,	
	2024	2023
Share-based compensation:		
Included in statement of loss and comprehensive loss	\$ 68,151	\$ 60,597
Included in exploration and evaluation assets	29,332	26,094
Total share-based compensation expense	\$ 97,483	\$ 86,691

Warrants

The following common share purchase warrants entitle the holder thereof to purchase one common share for each warrant.

Number of Warrants	Exercise Price	Expiry Date
5,000,000	\$0.25	September 28, 2024
4,600,000	\$0.25	November 19, 2024
7,443,262	\$0.18	December 19, 2025
17,043,262	\$0.22	

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For the three months ended March 31, 2024 and 2023

7. SHARE CAPITAL AND RESERVES (cont'd...)**Warrants (cont'd...)**

Number of Finders' Warrants	Exercise Price	Expiry Date
468,761 ⁽¹⁾	\$0.15	May 19, 2024
879,200	\$0.10	December 19, 2024
1,347,961	\$0.11	

⁽¹⁾ Expired unexercised subsequent to March 31, 2024

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2022	-	\$ -
Issued	18,577,898	0.21
As at December 31, 2023	18,577,889	\$ -
Expired	(186,666)	0.15
As at March 31, 2024	18,391,223	\$ 0.21

The weighted average remaining contractual life of warrants outstanding and exercisable at March 31, 2024 was 1.0 year (December 31, 2023 – 1.3 years).

8. NON-CONTROLLING INTEREST

Non-controlling interest ("NCI") in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Total comprehensive loss of the Company's subsidiary is attributed to the equity holders of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. For the three months ended March 31, 2024 and 2023 and as at March 31, 2024 and December 31, 2023, 30% of the net assets of the Company's consolidated subsidiary, Tintyava, which holds the Tintyava mineral property and Dangovo mineral property, were attributable to its non-controlling interest.

The following is summarized financial information of the consolidated subsidiary Tintyava, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Company's accounting policies. The information is before inter-company eliminations.

		Three months ended March 31,	
		2024	2023
Total loss and comprehensive loss	\$	156,226	\$ 53,747
Total loss and comprehensive loss allocated to NCI		46,868	16,124

		March 31,	December 31,
		2024	2023
Current assets	\$	226,838	\$ 308,597
Non-current assets		15,617,394	15,539,410
Current liabilities		(42,167)	(35,963)
Non-current liabilities		(15,161)	(17,448)
Net assets		15,786,904	15,794,596
Net assets attributable to NCI		4,736,071	4,738,379

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9. PROJECT EVALUATION

	Three months ended March 31,	
	2024	2023
Field and vehicles	\$ 4,628	\$ 2,860
Geological consulting (Note 10)	87,109	40,534
Geochemistry	2,264	1,981
Permit application fees	3,332	2,194
Salaries	5,466	33,772
	\$ 102,799	\$ 81,341

10. RELATED PARTY TRANSACTIONS

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

<i>Key management compensation</i>	Three months ended March 31,	
	2024	2023
Short-term benefits paid or accrued:		
Consulting fees	\$ 66,609	\$ 58,151
Salaries and directors' fees	92,898	96,410
	159,507	154,561
Share-based compensation:		
Share-based compensation	59,603	38,821
Total remuneration	\$ 219,110	\$ 193,383

Consulting fees of \$29,974 are included in exploration and evaluation assets for the three months ended March 31, 2024 (three months ended March 31, 2023 - \$27,489), and \$36,635 are included in project evaluation costs (Note 9) for the three months ended March 31, 2024 (three months ended March 31, 2023 - \$30,662).

Related party

Effective August 1, 2022, the Company entered into an office sub-lease agreement with a term of three years, with Latin Metals Inc. ("Latin Metals"). The Company and Latin Metals share a common officer and director.

	Three months ended March 31,	
	2024	2023
Office rent	\$ 4,171	\$ 12,510

The Company and Latin Metals mutually agreed to terminate the office sub-lease agreement between the Company and Latin Metals effective February 1, 2024, without any penalties. Effective February 1, 2024, the Company, as a head lessee, sublet the entire office space to a third party.

VELOCITY MINERALS LTD.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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For the three months ended March 31, 2024 and 2023

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three months ended March 31,	
	2024	2023
Net change in right-of-use lease asset	\$ (65,349)	\$ -
Lease receivable	65,349	-
Depreciation capitalized to exploration and evaluation assets	23,453	10,742
Change in trade and other payables included in exploration and evaluation assets	240,883	12,955
Share-based compensation included in exploration and evaluation assets	29,332	26,094
Shares issued for consulting fees, fair value	25,000	-
Interest paid	-	898
Income taxes paid	-	-

12. FINANCIAL RISK MANAGEMENT

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, and advances from partner for exploration.

As at March 31, 2024, the carrying values of receivables, trade and other payables, and advances from partner for exploration approximate their fair values due to their short terms to maturity. The Company's cash and cash equivalents under the fair value hierarchy is based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is attributable to cash and cash equivalents and receivables. Cash and cash equivalents consist of balances held at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Management believes that the credit risk concentration with respect to receivables is equal to its carrying value. Receivables comprises amounts due from the Government of Canada and Bulgaria. As of March 31, 2024, the Company's exposure to credit risk in Canada is minimal.

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

As of March 31, 2024, the Company had a cash and cash equivalents balance of \$3,071,327, including restricted cash of \$76,236 (December 31, 2023 - \$3,154,881, including restricted cash of \$79,646) to settle current liabilities of \$1,303,472 (December 31, 2023- \$905,920). All of the Company's trade and other payables are subject to normal trade terms.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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12. FINANCIAL RISK MANAGEMENT (cont'd ...)

Liquidity risk (cont'd...)

Historically, the Company's sole source of funding has been issuance of shares or convertible debenture. The Company's access to financing is always uncertain. There can be no assurance of continued access to funding. The Company will seek to complete further equity financing to continue its programs on its exploration and evaluation assets.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and price risk.

a) Interest risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. The Company has cash balances, which are exposed to interest rate fluctuations. The Company is not subject to significant exposure to interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in United States dollars and Bulgarian Lev. As at March 31, 2024, the Company had cash funds denominated in either the United States dollars, or the Bulgarian Lev. A 10% fluctuation between the Canadian dollar against the Bulgarian Lev or United States dollar, would result in \$62,000 decrease or increase in profit or loss.

a) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss and the ability to obtain financing, due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its mineral resource 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. The capital structure of the Company consists of shareholders' equity. The Company is not exposed to any externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2024.

14. SEGMENT INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral resource properties in Bulgaria. As at March 31, 2024, all of the Company's long – term assets are in Bulgaria, with the exception of a right-of-use-asset with a carrying balance of \$nil (December 31, 2023- \$69,304) in respect to an office lease in Canada.

VELOCITY MINERALS LTD.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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15. SUBSEQUENT EVENTS

Stock options grant

On May 9, 2024, the Company granted 280,000 common share stock options to various directors, officers, employees and consultants of the Company and its affiliates. The options entitle the holder to purchase shares at a price of \$0.11 per share until May 9, 2029. Options vest over 3 years, beginning 6 months from the date of issue and vesting in equal tranches bi-annually thereafter.