



VELOCITY
MINERALS LTD.

Consolidated Financial Statements

for the years ended

December 31, 2023 and 2022

(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Velocity Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Velocity Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our audit report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$26,035,277 as of December 31, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Obtaining from legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

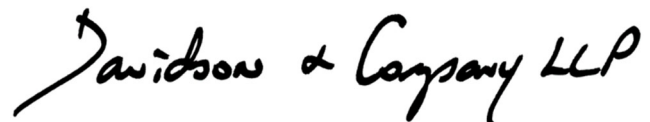
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Nathan.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 26, 2024

VELOCITY MINERALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at December 31,

	2023	2022
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 3,154,881	\$ 1,067,763
Receivables (Note 4)	319,952	292,480
Lease receivable, current (Note 8)	40,992	26,920
Prepaid expenses and deposits	47,524	49,038
	3,563,349	1,436,201
Lease receivable (Note 8)	27,521	47,018
Property and equipment (Note 5)	237,054	295,803
Exploration and evaluation assets (Note 7)	26,035,277	24,728,444
	\$ 29,863,201	\$ 26,507,466
LIABILITIES AND EQUITY		
Current		
Trade and other payables	\$ 543,786	\$ 353,426
Advances from partner for exploration (Note 6)	267,238	-
Lease liabilities, current (Note 8)	94,896	108,408
	905,920	461,834
Lease liabilities, long term (Note 8)	70,571	156,652
	976,491	618,486
Shareholders' equity		
Share capital (Note 9)	44,578,654	40,309,367
Reserves (Note 9)	2,505,341	2,083,722
Deficit	(22,935,664)	(21,133,013)
	24,148,331	21,260,076
Non-controlling interest (Note 10)	4,738,379	4,628,904
	28,886,710	25,888,980
	\$ 29,863,201	\$ 26,507,466

Nature and continuance of operations (Note 1)
Subsequent events (Note 18)

On behalf of the Board on April 23, 2024

"Keith Henderson"

Director

"Mark Cruise"

Director

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

VELOCITY MINERALS LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
December 31,

	2023	2022
EXPENSES		
Consulting	\$ 103,528	\$ 54,587
Depreciation (Note 5)	57,305	40,133
Investor relations	18,906	66,790
Office and general	111,939	163,492
Professional fees	330,135	564,913
Project evaluation (Note 11 and 12)	346,537	561,605
Regulatory and transfer agent fees	60,860	63,446
Salaries and benefits (Note 12)	700,701	873,900
Share-based compensation (Note 9 and 12)	251,935	246,952
Travel	33,522	90,894
	(2,015,368)	(2,726,712)
OTHER INCOME (EXPENSES)		
Operator fees earned (Note 6)	250,901	-
Foreign exchange gain (loss)	(55,620)	3,738
Impairment of exploration and evaluation assets (Note 7)	(73,930)	-
Interest expense	(17,570)	(16,618)
Interest income	8,413	26,514
Other income (expense)	53,655	(40,655)
Total other income (expenses)	165,849	(27,021)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(1,849,519)	(2,753,733)
Loss and comprehensive loss attributable to:		
Owners of the Company	(1,802,651)	(2,659,534)
Non-controlling interest	(46,868)	(94,199)
	(1,849,519)	(2,753,733)
Loss per common share		
-Basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		
-Basic and diluted	175,102,332	160,278,919

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

VELOCITY MINERALS LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	<u>Share capital</u>		Reserves	Non-controlling interest	Deficit	Total
	Number of common shares	Amount				
Balance, December 31, 2021	160,278,919	\$ 40,309,367	\$ 1,711,765	\$ 4,458,937	\$ (18,473,479)	\$ 28,006,590
Share-based compensation	-	-	371,957	-	-	371,957
Change in net assets of Tintyava Exploration AD	-	-	-	264,166	-	264,166
Loss and comprehensive loss	-	-	-	(94,199)	(2,659,534)	(2,753,733)
Balance, December 31, 2022	160,278,919	\$ 40,309,367	\$ 2,083,722	\$ 4,628,904	\$ (21,133,013)	\$ 25,888,980
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	19,200,000	2,662,231	35,058	-	-	2,697,289
Shares issued in private placements at \$0.10 per share, net of share issuance costs	14,886,525	1,352,056	31,028	-	-	1,383,084
Shares issued for mineral property interest	1,334,951	220,000	-	-	-	220,000
Shares issued for consulting fees	250,000	35,000	-	-	-	35,000
Share-based compensation	-	-	355,533	-	-	355,533
Change in net assets of Tintyava Exploration AD	-	-	-	156,343	-	156,343
Loss and comprehensive loss	-	-	-	(46,868)	(1,802,651)	(1,849,519)
Balance, December 31, 2023	195,950,395	\$ 44,578,654	\$ 2,505,341	\$ 4,738,379	\$ (22,935,664)	\$ 28,886,710

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

VELOCITY MINERALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
For the years ended December 31,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,849,519)	\$ (2,753,733)
Adjustments for:		
Depreciation	57,305	40,133
Depreciation included in project evaluation	1,089	14,007
Foreign exchange gain, unrealized	1,365	(1,451)
Impairment of exploration and evaluation asset	73,930	-
Share-based compensation	251,935	246,952
Shares issued for consulting fees	35,000	-
Lease receivable interest	(20,083)	(5,956)
Lease liability interest	17,570	16,618
Interest income	(8,413)	(26,514)
Changes in non-cash working capital items:		
Receivables	(27,287)	18,690
Prepaid expenses and deposits	1,514	4,629
Trade and other payables	117,235	134,459
Net cash used in operating activities	(1,348,359)	(2,312,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	4,080,373	-
Non-controlling interest – equity contributions	156,343	264,166
Lease proceeds	50,051	15,000
Lease payments	(131,883)	(90,020)
Net cash provided by financing activities	4,154,884	189,146
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(81,957)	(10,319)
Property option proceeds	334,150	-
Exploration and evaluation assets	(2,937,753)	(1,493,810)
Advances from partners	1,957,925	-
Interest received	8,228	18,350
Net cash used in investing activities	(719,407)	(1,485,779)
Change in cash and cash equivalents during the year	2,087,118	(3,608,799)
Cash and cash equivalents, beginning of year	1,067,763	4,676,562
Cash and cash equivalents, end of year	\$ 3,154,881	\$ 1,067,763
Cash	\$ 2,852,750	\$ 552,296
Cash equivalents	222,485	430,367
Restricted cash	79,646	85,100
	\$ 3,154,881	\$ 1,067,763

Supplemental disclosure with respect to cash flows (Note 13)

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

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 December 31, 2023, the Company has working capital of \$2,657,429 (December 31, 2022 - \$974,367), including restricted cash of \$79,646 (December 31, 2022 - \$85,100) and an accumulated deficit of \$22,935,664 (December 31, 2022 - \$21,133,013).

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. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Basis of presentation

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.

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.

Foreign currency transactions

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, “*The Effects of Changes in Foreign Exchange Rates*” (“IAS 21”). The functional currency of the Company and its subsidiaries is the Canadian dollar.

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the entity at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Cash and cash equivalents

Cash and cash equivalents consist of restricted cash and highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

Property and equipment

Property and equipment are recorded at cost less depreciation, depletion and accumulated impairment losses, if any. Where significant components of buildings and equipment have different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized until the asset is brought to a working condition for its intended use.

These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overhead. The costs of day-to-day servicing are recognized in expenses as incurred, as “maintenance and repairs.”

The Company depreciates its assets, less their estimated residual values, as follows:

Category	Method	Useful life
Equipment and vehicles	Straight-line	3-5 years
Computers and software	Straight-line	1-3 years
Right-of-use asset	Straight-line	Earlier of useful life of term of lease

The depreciation method, useful life and residual values are assessed annually.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, and costs associated with exploration and evaluation activity. All costs related to the acquisition, exploration and evaluation of mineral resource properties are capitalized by property. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued. Option payments received net of costs incurred are treated as a reduction in the carrying value of the related acquisition costs of the exploration and evaluation asset until the payments are in excess of acquisition costs, at which time they are credited to profit or loss.

Costs incurred before the Company has obtained the legal rights to explore an area, including professional fees incurred in connection with executing an option agreement, are expensed through profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and the Company’s board of directors have approved a construction decision, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development assets within equipment.

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

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

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

Partner funded exploration

Amounts received from partners in connection with earn-in agreements are netted firstly against the capitalized exploration expenditures on the applicable licenses and thereafter are recognized in the Company's statement of income (loss). Any advances received for future exploration work, or any reimbursable funds expended by the Company are recognized separately in the statement of financial position. Operator fees are recognized in profit or loss, as they represent fees earned by the Company as the designated operator of its projects under earn-in agreements.

When the Company receives a payment from a partner in advance of the exploration work being performed, the prepayment is shown as advances from partners.

Decommissioning and Restoration Provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Decommissioning and restoration provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

Decommissioning and restoration provisions are recognized at the present value of management's best estimate of fair value of the expenditures required to settle the present obligation at the reporting date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion whereas increases/decreases due to changes in the estimated future cash flows are added to or deducted from the related asset. Actual costs incurred upon settlement of decommissioning and restoration provisions are charged against the provision to the extent the provisions were established.

Changes in reclamation estimates are accounted for prospectively as a change in the corresponding capitalized cost.

The Company did not have any decommissioning and restoration provisions for the years presented.

Impairment of long-lived assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Leases

The Company assesses whether a contract is, or contains, a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets such as office printers. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets, which are included in property and equipment, are recognized at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and decommissioning and restoration costs, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Leases for which the Company is a lessor, are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Share capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and other equity instruments are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date of grant.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves within shareholders' equity.

Financial instruments

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVPL"), or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured at amortized cost using the effective interest method. These liabilities are initially recognised as fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method.

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Compound financial instruments issued by the Company comprise convertible notes denominated in Canadian dollar that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

The Company has classified and measured its financial instruments as described below:

- Cash and cash equivalents are classified as FVPL.
- Receivables are classified as and measured at amortized cost.
- Trade and other payables are classified as and measured at amortized cost.
- Advances from partners for exploration are classified as and measured at amortized costs.

Share-based payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make certain estimates, judgements and assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

The information about significant areas of judgement and estimation uncertainty considered by management in preparing these consolidated financial statements is as follows:

Going concern

The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company as previously discussed in Note 1.

Income taxes

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected. To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, profit or loss and cash flows.

2. MATERIAL ACCOUNTING POLICIES (cont'd...)

Critical accounting estimates and judgements (cont'd...)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically viable reserves, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option/warrant. Changes in these input assumptions can significantly affect the fair value estimate.

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective January 1, 2023 and did not have a material impact on the Company's financial statements.

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3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and cash equivalents held with banks in Canadian dollars	\$ 2,279,323	\$ 475,697
Cash and restricted cash held with banks in foreign currencies	875,558	592,066
Total	\$ 3,154,881	\$ 1,067,763

4. RECEIVABLES

	2023	2022
Receivable and other	\$ 145,772	\$ 18,063
Taxes receivable	174,180	274,417
Total	\$ 319,952	\$ 292,480

As at December 31, 2023 Receivables and other include an amount for operator fees of \$102,819 (Note 6) (December 31, 2022 - \$nil).

As at December 31, 2023, the Company's taxes receivable relate to operations in Bulgaria and Canada. All of the amounts are current and receivable within 90 days.

5. PROPERTY AND EQUIPMENT

	Right-of- use assets	Equipment and vehicles	Computers and software	Total
Costs				
Balance at December 31, 2021	\$ 213,991	\$ 83,457	\$ 112,684	\$ 410,132
Additions	151,008	5,388	4,931	161,327
Transfers	(40,020)	40,020	-	-
Balance at December 31, 2022	324,979	128,865	117,615	571,459
Additions	-	78,058	3,899	81,957
Modifications	(11,188)	-	-	(11,188)
Transfers	(147,810)	147,810	-	-
Balance at December 31, 2023	\$ 165,981	\$ 354,733	\$ 121,514	\$ 642,228
Accumulated depreciation				
Balance at December 31, 2021	\$ (64,253)	\$ (26,696)	\$ (74,960)	\$ (165,909)
Additions	(63,730)	(21,274)	(24,743)	(109,747)
Transfers	32,674	(32,674)	-	-
Balance at December 31, 2022	(95,309)	(80,644)	(99,703)	(275,656)
Additions	(79,850)	(36,858)	(12,810)	(129,518)
Transfers	66,159	(66,159)	-	-
Balance at December 31, 2023	(109,000)	(183,661)	(112,513)	(405,174)
Book value, December 31, 2022	\$ 229,670	\$ 48,221	\$ 17,912	\$ 295,803
Book value, December 31, 2023	\$ 56,981	\$ 171,072	\$ 9,001	\$ 237,054

The Company recognized right-of-use assets in respect to vehicles leases and site office lease in Bulgaria, and a right-of-use asset for a 3-year lease of office space in Canada that commenced on August 1, 2022 (Note 8 and 12).

During the year ended December 31, 2023, the Company recorded net modifications to right-of-use assets in relation to the modification of the office space lease agreements to reflect rent increases (Note 8 and 10). The rent increases were not accounted for as a separate lease, and the right-of-use asset and the lease obligation and lease receivable were measured at the present value of the amended lease payments and discounted using the incremental borrowing rate of 18%.

5. PROPERTY AND EQUIPMENT (cont'd...)

During the year ended December 31, 2023, the Company acquired the vehicles it had leased under lease agreements and recorded respective transfers between right-of-use assets and equipment and vehicles categories. As at December 31, 2023, there right-of-use assets carrying balances are in respect to office space leases in Bulgaria and Canada.

During the year ended December 31, 2023, the Company capitalized \$71,124 (2022 - \$55,607) of depreciation to exploration and evaluation assets, included in line-item Field and vehicles (Note 6(g)), and included \$1,089 of depreciation in project evaluation expense, included in line-item Field and vehicles (2022 - \$14,007).

6. PARTNER FUNDED EXPLORATION

As at December 31, 2023 exploration programs funded by a partner and operator fees earned are in respect to the Company's Iglika Property (Note 7(d)). The balance of this account at December 31, 2023 was \$267,238 (December 31, 2022 – \$nil).

7. 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.

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.

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

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 (Completed);
- (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.

As at December 31, 2023, the Company had received \$334,150 (US\$ 250,000) from DPM for the initial cash payment. 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 \$1,690,687 and received a cash advance of \$1,957,925 advance from DPM for exploration program on Iglika project (Note 6).

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.

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

e) Zlatusha Property – Bulgaria (cont'd...)

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 (Note 6 and 10); (iii) complete 28,000m of drilling on the Property; (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 Company has committed to completing 3,000 m of drilling on or prior to September 23, 2024. The Company will be under no further obligation to fulfill any other of the earn-in requirements, which will be at the sole discretion of the Company.

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. To exercise the option in full and acquire a 75% interest in the property, the Company must: (i) complete 5,000m of drilling on the property; and (ii) deliver an Inferred Mineral Resource estimate on a deposit on the property prepared in accordance with NI 43-101.

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.

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

 g) Exploration and evaluation assets continuity

	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

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

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

	Tintyava	Nadezhda	Momchil	Iglika	Total
	\$	\$	\$	\$	\$
Acquisition costs					
Balance, December 31, 2021	2,097,757	6,635	1,384	146,132	2,251,908
Additions – legal and claim fees	5,568	102,034	40,697	1,029	149,328
Balance, December 31, 2022	2,103,325	108,669	42,081	147,161	2,401,236
Exploration and evaluation					
Balance, December 31, 2021	13,307,608	655,365	5,462,854	1,525,799	20,951,626
Community relations	32,734	-	-	8,473	41,207
Drilling and assays	-	-	-	211,237	211,237
Metallurgy, engineering, environmental studies	196,908	-	-	-	196,908
Field and vehicles	171,614	-	-	72,799	244,413
Geological consulting and other	149,216	-	6,194	37,453	192,863
Geochemistry	1,363	-	-	634	1,997
Salaries	241,626	-	-	120,326	361,952
Share-based compensation	46,828	11,916	17,572	48,689	125,005
	840,289	11,916	23,766	499,611	1,375,582
Balance, December 31, 2022	14,147,897	667,281	5,486,620	2,025,410	22,327,208
Balance, December 31, 2022	16,251,222	775,950	5,528,701	2,172,571	24,728,444

8. LEASES

Lease liabilities

The Company leased vehicles in Bulgaria to support exploration and evaluation activities on its properties and leases office space in Bulgaria and Canada. The Company is utilizing an incremental borrowing rate in the range of 5% to 18% for calculating office lease liabilities and implicit interest rates in the range of 2.22%-2.90% for vehicles lease liabilities.

	December 31, 2023	December 31, 2022
Lease liabilities		
Opening balance	\$ 265,060	\$ 105,923
Additions	-	233,990
Modifications	13,355	-
Lease payments	(131,883)	(90,020)
Lease interest	17,570	16,618
Foreign exchange	1,365	(1,451)
Ending balance	\$ 165,467	\$ 265,060
Current portion	\$ 94,896	\$ 108,408
Long-term portion	70,571	156,652
	\$ 165,467	\$ 265,060

8. LEASES (cont'd...)

Lease liabilities (cont'd...)

Lease liabilities		
<i>Contractual undiscounted cash flows:</i>	2023	2022
Less than one year	\$ 112,570	\$ 140,265
One to five years	79,131	177,904
Total undiscounted lease liabilities	\$ 191,701	\$ 318,169

During the year ended December 31, 2023, the Company expensed \$47,050 (2022 - \$52,934) in short term and low value leases.

Lease receivable

The Company's lease receivable for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Opening balance	\$ 73,938	\$ -
Additions	-	82,982
Modifications	24,543	-
Accretion	20,083	5,956
Payments received	(50,051)	(15,000)
Ending balance	\$ 68,513	\$ 73,938
Current portion	40,992	26,920
Long-term portion	27,521	47,018
	\$ 68,513	\$ 73,938

Lease receivable is in respect to an office sub-lease agreement that the Company entered into effective August 1, 2022 with a related party (Note 12).

The Company measured the lease receivable over the life of the lease of 3 years and 2.5 years for the modification of the lease to reflect the rent increase (Note 5), utilizing an incremental borrowing rate of 18%. As at December 31, 2023, minimum undiscounted sublease payments receivable are: \$50,051 during 2024 and \$29,197 for the remaining period to the end of the lease.

9. 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

Year ended December 31, 2023

December 2023 financing

On December 21, 2023 the Company closed a non-brokered private placement with the issuance of 14,886,525 units of the Company priced at \$0.10 per unit for total gross proceeds of \$1,488,653. Each unit consists 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 \$0.18 per share until December 19, 2025.

In connection with the financing, the Company paid finder's fees consisting of \$87,920 in cash and issued 879,200 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 \$0.10 per share until December 19, 2024.

In addition, the Company incurred \$17,649 in legal and regulatory fees in connection with the financing.

9. SHARE CAPITAL AND RESERVES (cont'd...)

Issued share capital (cont'd...)

Year ended December 31, 2023 (cont'd...)

The fair value of the finders' warrants was estimated at \$31,028 using Black-Scholes with the following assumptions: a risk-free interest rate of 4.0%; expected volatility of 69%; an expected life of 1 year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

May 2023 financing

On May 19, 2023 the Company closed a non-brokered private placement with the issuance of 9,200,000 units of the Company priced at \$0.15 per unit for total gross proceeds of \$1,380,000. Each unit consists 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 November 19, 2024.

In connection with the financing, the Company paid finder's fees consisting of \$70,314 in cash and issued 468,761 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 May 19, 2024.

In addition, the Company incurred \$55,515 in legal and regulatory fees in connection with the financing.

The fair value of the finders' Warrants was estimated at \$24,228 using Black-Scholes with the following assumptions: a risk-free interest rate of 4.0%; expected volatility of 73%; an expected life of 1 year; a dividend yield of 0%; and an expected forfeiture rate of 0%.

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 \$28,882 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%.

Shares issued for mineral property

On April 18, 2023, the Company issued 1,334,951 of its common shares fair valued at \$0.165 per share for a total of \$220,000, pursuant to the binding letter agreement with Raiden to acquire up to 75% of Zlatusha property (Note 7(f)).

Shares issued for services

During the year ended December 31, 2023, the Company issued 250,000 commons shares fair valued at \$35,000 for consulting fees, pursuant to a strategic review process advisory agreement.

Year ended December 31, 2022

There were no share issuances during the year ended December 31, 2022.

9. SHARE CAPITAL AND RESERVES (cont'd...)

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, 2021	6,654,000	\$ 0.37
Granted	4,550,000	0.30
Expired	(4,300,000)	0.32
Forfeited	(378,000)	0.38
As at December 31, 2022	6,526,000	\$ 0.35
Granted	3,665,000	0.16
Forfeited	(595,000)	0.30
Number of options outstanding December 31, 2023	9,596,000	\$ 0.28
Number of options exercisable, December 31, 2023	4,308,060	\$ 0.35

As at December 31, 2023, 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
860,000	860,000	\$0.48	August 11, 2025	1.6
1,186,000	984,380	\$0.45	May 12, 2026	2.4
3,695,000	1,840,110	\$0.30	May 31, 2027	3.4
200,000	66,640	\$0.25	August 16, 2027	3.6
3,355,000	556,930	\$0.16	June 22, 2028	4.5
300,000	-	\$0.13	October 2, 2028	4.8
9,596,000	4,308,060	\$0.28		3.5

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the years ended December 31, 2023 and 2022:

	2023	2022
Expected life of options (years)	4.0	4.0
Annualized volatility	64%	64%
Dividend rate	-	-
Risk-free rate	3.97%	2.71%
Weighted average fair value per option granted	\$ 0.07	\$ 0.30
Weighted average exercise price per option granted	\$ 0.16	\$ 0.12

9. SHARE CAPITAL AND RESERVES (cont'd...)

Stock options (cont'd...)

During the years ended December 31, 2023 and 2022, the Company recognized share-based compensation as follows:

	2023	2022
Share-based compensation:		
Included in statement of loss and comprehensive loss	\$ 251,935	\$ 246,952
Included in exploration and evaluation assets	103,598	125,005
Total share-based compensation expense	\$ 355,533	\$ 371,957

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	

Number of Finders' Warrants	Exercise Price	Expiry Date
186,666 ⁽¹⁾	\$0.15	March 28, 2024
468,761	\$0.15	May 19, 2024
879,200	\$0.10	December 19, 2024
1,534,627	\$0.12	

⁽¹⁾ Expired unexercised subsequent to December 31, 2023.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2021	9,300,000	\$ 0.25
Expired	(9,300,000)	0.25
As at December 31, 2022	-	\$ -
Issued	18,577,889	0.21
As at December 31, 2023	18,577,889	\$ 0.21

The weighted average remaining contractual life of warrants outstanding and exercisable at December 31, 2023 was 1.3 years (December 31, 2022 – 0.0 year).

10. 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 years December 31, 2023 and 2022 and as at December 31, 2023 and 2022, 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.

		2023		2022
Total loss and comprehensive loss	\$	156,226	\$	313,997
Total loss and comprehensive loss allocated to NCI		46,868		94,199

		2023		2022
Current assets	\$	308,597	\$	296,524
Non-current assets		15,539,410		15,626,936
Current liabilities		(35,963)		(474,588)
Non-current liabilities		(17,448)		(19,193)
Net assets		15,794,596		15,429,679
Net assets attributable to NCI		4,738,379		4,628,904

During the year ended December 31, 2023, the NCI partner made contributions of \$156,343 (2022 - \$264,166) in cash to the capital of Tintyava, which represented 30% of the capital increase of Tintyava for the period.

11. PROJECT EVALUATION

		2023		2022
Field and vehicles	\$	36,966	\$	26,240
Geological consulting (Note 12)		222,586		268,098
Geochemistry		7,881		2,782
Permit application fees		2,074		13,398
Salaries		77,030		251,087
	\$	346,537	\$	561,605

Field and vehicles expense includes depreciation expense of \$1,089 for the year ended December 31, 2023 (2022 - \$14,007).

12. RELATED PARTY TRANSACTIONS

Key management personnel 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. Key management personnel compensation for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Short-term benefits paid or accrued:		
Consulting fees	\$ 264,535	\$ 288,750
Salaries and directors' fees	417,081	542,219
	681,616	830,969
Share-based compensation:		
Share-based compensation	190,692	189,144
Total remuneration	\$ 872,308	\$ 1,020,113

Consulting fees of \$121,444 are included in exploration and evaluation assets for the year ended December 31, 2023 (2022 - \$154,365), and \$143,091 are included in project evaluation costs (Note 11) for the year ended December 31, 2023 (2022 - \$134,385).

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.

	2023	2022
Rent	\$ 50,051	\$ 29,000

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2023	2022
Acquisition of right-of-use asset	\$ -	\$ 158,225
Modification of right-of-use asset	(11,188)	-
Modification of lease liability	13,355	-
Modification of lease receivable	24,543	-
Depreciation capitalized to exploration and evaluation assets	71,124	62,824
Change in trade and other payables included in exploration and evaluation assets	73,125	80,165
Share-based compensation included in exploration and evaluation assets	103,598	125,005
Shares issued for mineral properties, fair value	220,000	-
Shares issued for consulting fees, fair value	35,000	-
Fair value of finders' warrants	66,086	-
Interest paid	2,062	937
Income taxes paid	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For years ended December 31, 2023 and 2022

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2023 and 2022 is as follows:

		2023		2022
Loss for the year	\$	(1,849,519)	\$	(2,753,733)
Expected income tax expense (recovery)	\$	(499,000)	\$	(744,000)
Change in statutory tax rates and other		45,000		147,000
Permanent differences		74,000		222,000
Share issue costs		(78,000)		-
Adjustment to prior years provisions versus statutory tax returns and expiry of non-capital losses		(3,000)		(4,000)
Expiry of non-capital losses		67,000		37,000
Change in unrecognized deductible temporary differences		394,000		343,000
Total income tax expense (recovery)	\$	-	\$	-

Significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	2023	Expiry dates	2022	Expiry dates
Exploration and evaluation assets	\$ 65,000	No expiry date	\$ -	No expiry date
Investment tax credit	64,000	2027-2031	64,000	2027 to 2031
Property and equipment	78,000	No expiry date	24,000	No expiry date
Share issue costs	300,000	2044-2047	284,000	2043 to 2044
Non-capital losses	20,367,000		18,887,000	
Canada	14,822,000	2024 to 2043	14,110,000	2023 to 2042
Bulgaria	5,545,000	2024 to 2028	4,777,000	2023 to 2027

Tax attributes are subject to review and potential adjustment by tax authorities.

15. 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 December 31, 2023, 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 December 31, 2023, the Company's exposure to credit risk in Canada is minimal. As of December 31, 2022 the Company was exposed to credit risk in Bulgaria in respect to the full amount of value-added tax receivable that was under appeal and fully refunded in 2023.

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 December 31, 2023, the Company had a cash and cash equivalents balance of \$3,154,881 (2022- \$1,067,763) to settle current liabilities of \$905,920 (2022- \$461,834). All of the Company's trade and other payables are subject to normal trade terms.

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.

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

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 risks 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 December 31, 2023, 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 \$56,000 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.

16. 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 year ended December 31, 2023.

17. SEGMENT INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral resource properties in Bulgaria. As at December 31, 2023, 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 \$ 69,304 (2022- \$130,476) in respect to an office lease in Canada.

18. SUBSEQUENT EVENTS

Shares issued for services

On January 2, 2024, the Company issued 125,000 commons shares fair valued at \$13,750 for consulting fees provided during the three-month period ended on December 31, 2023, pursuant to a strategic review process advisory agreement.

18. SUBSEQUENT EVENTS (cont'd ...)

Stock options grant

On January 10, 2024, the Company granted 3,455,000 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 January 10, 2029. Options vest over 3 years, beginning 6 months from the date of issue and vesting in equal tranches bi-annually thereafter.