



**VELOCITY**  
MINERALS LTD.

**Condensed Interim Consolidated Financial Statements**

**for the three and six months ended**

**June 30, 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 and six months ended June 30, 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

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 1,852,555	\$ 3,154,881
Receivables (Note 4)	308,934	319,952
Lease receivable, current	91,139	40,992
Prepaid expenses and deposits	81,047	47,524
	<u>2,333,675</u>	<u>3,563,349</u>
<b>Lease receivable</b>	8,478	27,521
<b>Property and equipment</b>	126,097	237,054
<b>Exploration and evaluation assets (Note 6)</b>	26,532,303	26,035,277
	<u>\$ 29,000,553</u>	<u>\$ 29,863,201</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Trade and other payables	\$ 412,934	\$ 543,786
Advances from partner for exploration (Note 5)	75,963	267,238
Lease liabilities, current	94,802	94,896
	<u>583,699</u>	<u>905,920</u>
<b>Lease liabilities, long term</b>	24,713	70,571
	<u>608,412</u>	<u>976,491</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	44,603,654	44,578,654
Shares issuable (Note 7)	10,000	-
Reserves (Note 7)	2,700,220	2,505,341
Deficit	(23,723,618)	(22,935,664)
	<u>23,590,256</u>	<u>24,148,331</u>
Non-controlling interest (Note 8)	4,801,885	4,738,379
	<u>28,392,141</u>	<u>28,886,710</u>
	<u>\$ 29,000,553</u>	<u>\$ 29,863,201</u>

Nature and continuance of operations (Note 1)

Subsequent event (Note 7)

**On behalf of the Board on August 27, 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)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>EXPENSES</b>				
Consulting	\$ 28,971	\$ 10,723	\$ 81,454	\$ 23,456
Depreciation	383	12,353	2,107	31,741
Investor relations	7,311	2,831	10,789	7,577
Office and general	11,961	20,398	45,084	70,575
Professional fees	78,989	118,498	117,668	187,507
Project evaluation (Note 9 and 10)	211,849	110,610	314,648	191,951
Regulatory and transfer agent fees	25,595	23,722	36,761	44,370
Salaries and benefits (Note 10)	150,937	254,473	310,411	428,235
Share-based compensation (Note 7 and 10)	67,509	44,325	135,660	104,922
Travel	5,068	11,855	8,248	22,330
	<b>(588,573)</b>	<b>(609,788)</b>	<b>(1,062,830)</b>	<b>(1,112,664)</b>
<b>OTHER INCOME (EXPENSES)</b>				
Operator's fees earned (Note 6(d))	35,742	80,140	215,553	80,140
Foreign exchange gain (loss)	19,585	(29,007)	53,240	(30,246)
Interest expense	(4,993)	(7,678)	(10,948)	(17,052)
Interest income	7,613	3,603	16,823	5,013
Other income	30,086	4,861	818	8,874
Total other income (expenses)	<b>88,033</b>	<b>51,919</b>	<b>275,486</b>	<b>46,729</b>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>				
	<b>(500,540)</b>	<b>(557,869)</b>	<b>(787,344)</b>	<b>(1,065,935)</b>
<b>Loss and comprehensive loss attributable to:</b>				
Owners of the Company	<b>(503,458)</b>	<b>(535,803)</b>	<b>(787,954)</b>	<b>(1,027,745)</b>
Non-controlling interest	<b>2,918</b>	<b>(22,066)</b>	<b>610</b>	<b>(38,190)</b>
	<b>(500,540)</b>	<b>(557,869)</b>	<b>(787,344)</b>	<b>(1,065,935)</b>
<b>Loss per common share</b>				
-Basic and diluted	\$ <b>(0.00)</b>	\$ (0.00)	\$ <b>(0.00)</b>	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>				
-Basic and diluted	<b>196,200,395</b>	180,848,416	<b>196,139,603</b>	168,145,501

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)

	<u>Share capital</u>		Shares Issuable	Reserves	Non-controlling interest	Deficit	Total
	Number of common shares	Amount					
<b>Balance, December 31, 2022</b>	<b>160,278,919</b>	<b>\$ 40,309,367</b>	<b>\$ -</b>	<b>\$ 2,083,722</b>	<b>\$ 4,628,904</b>	<b>\$ (21,133,013)</b>	<b>\$ 25,888,980</b>
Shares issued in private placements at \$0.15 per share, net of share issuance costs	19,200,000	2,672,996	-	35,058	-	-	2,708,504
Shares issued for mineral property interest	1,334,951	220,000	-	-	-	-	220,000
Share-based compensation	-	-	-	152,096	-	-	152,096
Change in net assets of Tintyava Exploration AD	-	-	-	-	31,218	-	31,218
Loss and comprehensive loss	-	-	-	-	(38,190)	(1,027,754)	(1,065,935)
<b>Balance, June 30, 2023</b>	<b>180,813,870</b>	<b>\$ 43,202,363</b>	<b>\$ -</b>	<b>\$ 2,270,876</b>	<b>\$ 4,612,780</b>	<b>\$ (22,160,758)</b>	<b>\$ 27,934,413</b>
<b>Balance, December 31, 2023</b>	<b>195,950,395</b>	<b>\$ 44,578,654</b>	<b>\$ -</b>	<b>\$ 2,505,341</b>	<b>\$ 4,738,379</b>	<b>\$ (22,935,664)</b>	<b>\$ 28,886,710</b>
Shares issued for consulting fees	250,000	25,000	10,000	-	-	-	35,000
Share-based compensation	-	-	-	194,879	-	-	194,879
Change in net assets of Tintyava Exploration AD	-	-	-	-	62,896	-	62,896
Loss and comprehensive loss	-	-	-	-	610	(787,954)	(787,344)
<b>Balance, June 30, 2024</b>	<b>196,200,395</b>	<b>\$ 44,603,654</b>	<b>\$ 10,000</b>	<b>\$ 2,700,220</b>	<b>\$ 4,801,885</b>	<b>\$ (23,723,618)</b>	<b>\$ 28,392,141</b>

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)

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (787,344)	\$ (1,065,935)
Adjustments for:		
Depreciation	2,107	31,741
Depreciation included in project evaluation	-	10,338
Foreign exchange gain/loss, unrealized (net)	(38,319)	1,000
Share-based compensation	135,660	104,922
Shares issued for consulting fees	25,000	-
Shares issuable for consulting fees	10,000	-
Lease receivable interest	(10,939)	(6,220)
Lease liability interest	10,948	17,052
Interest income	-	(5,013)
Changes in non-cash working capital items:		
Receivables	6,008	75,278
Prepaid expenses and deposits	(33,523)	(79,113)
Trade and other payables	(16,142)	20,903
Net cash used in operating activities	<b>(696,544)</b>	<b>(895,047)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease proceeds	45,184	18,000
Lease payments	(56,934)	(88,028)
Non-controlling interest – equity contributions	62,896	31,218
Net proceeds from issuance of common shares	-	2,708,054
Net cash provided by financing activities	<b>51,146</b>	<b>2,669,244</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(1,946,034)	(505,422)
Property option proceeds	-	334,150
Advances from partner for exploration	1,284,096	-
Interest received	5,010	4,963
Net cash used in investing activities	<b>(656,928)</b>	<b>(166,309)</b>
<b>Change in cash and cash equivalents during the period</b>	<b>(1,302,326)</b>	<b>1,607,888</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,154,881</b>	<b>1,067,763</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,852,555</b>	<b>\$ 2,675,651</b>
<b>Cash</b>	<b>\$ 1,601,505</b>	<b>\$ 2,450,371</b>
<b>Cash equivalents</b>	<b>197,062</b>	<b>186,867</b>
<b>Restricted cash</b>	<b>53,988</b>	<b>38,413</b>
	<b>\$ 1,852,555</b>	<b>\$ 2,675,651</b>

**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 and six months ended June 30, 2024 and 2023

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**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 June 30, 2024, the Company has working capital of \$1,749,976 (December 31, 2023 - \$2,657,429), including restricted cash of \$53,988 (December 31, 2023 - \$79,646) and an accumulated deficit of \$23,723,618 (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 and six months ended June 30, 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 and six months ended and as at June 30, 2024 and 2023 have been included. Operating results for the three and six-month periods ended June 30, 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.

<b>Subsidiary</b>	<b>Location</b>	<b>Ownership Interest</b>
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%
Velocity Minerals Greece SA ("Velocity Greece")	Greece	100%

The Company established its subsidiaries Velocity Greece and Zlatusha in 2024 and 2023 respectively.

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 and six months ended June 30, 2024 and 2023

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**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 and six months ended June 30, 2024 and 2023

**3. CASH AND CASH EQUIVALENTS**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents held with banks in Canadian dollars	\$ 1,105,375	\$ 2,279,323
Cash and restricted cash held with banks in foreign currencies	747,180	875,558
<b>Total</b>	<b>\$ 1,852,555</b>	<b>\$ 3,154,881</b>

**4. RECEIVABLES**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Receivable and other	\$ 231,799	\$ 145,772
Taxes receivable	77,135	174,180
<b>Total</b>	<b>\$ 308,934</b>	<b>\$ 319,952</b>

As at June 30, 2024 Receivables include an amount for operator fees of \$226,093 (Note 5) (December 31, 2023 - \$102,819).

As at June 30, 2024, the Company's taxes receivable relate to operations in Bulgaria and Canada. All of the amounts are current and receivable within 30 to 90 days.

**5. PARTNER FUNDED EXPLORATION**

As at June 30, 2024 exploration programs funded by a partner and operator fees earned are in respect to the Company's Iglika Property (Note 6(d)). The balance of this account at June 30, 2024 is \$75,963 (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 and six months ended June 30, 2024 and 2023

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**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 June 30, 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 June 30, 2024 the joint venture entity had not been formed.

d) Igliko 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 Igliko gold-copper property ("Igliko") 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 Igliko property.

On June 13, 2024, the Company announced that it had received notice from DPM that DPM intends to terminate the Igliko property Option Agreement effective July 30, 2024.

Since entering into the DPM Letter Agreement to June 30, 2023, DPM has financed eligible exploration and evaluation expenditures incurred on the Igliko project in the amount of \$3,127,705, and the Company has earned operator fees in the aggregate amount of \$466,454.

**VELOCITY MINERALS LTD.**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the three and six months ended June 30, 2024 and 2023

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

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.

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

	<b>Tintyava</b>	<b>Nadezhda &amp; Dangovo</b>	<b>Momchil</b>	<b>Iglika</b>	<b>Zlatusha</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<i>Acquisition costs</i>						
Balance, December 31, 2023	<b>2,139,654</b>	<b>109,498</b>	<b>42,081</b>	-	<b>267,969</b>	<b>2,559,202</b>
Legal and claim fees	-	-	-	27,782	3,310	<b>31,092</b>
<b>Balance, June 30, 2024</b>	<b>2,139,654</b>	<b>109,498</b>	<b>42,081</b>	<b>27,782</b>	<b>271,279</b>	<b>2,590,294</b>
<i>Exploration and evaluation</i>						
Balance, December 31, 2023	<b>14,638,240</b>	<b>691,365</b>	<b>5,492,493</b>	<b>2,144,103</b>	<b>509,874</b>	<b>23,476,075</b>
Community relations	-	-	-	8,326	4,750	<b>13,076</b>
Drilling and assays	-	-	-	1,087,974	-	<b>1,087,974</b>
Metallurgy, engineering, environmental studies	44,279	-	-	-	-	<b>44,279</b>
Field and vehicles	46,026	1,637	1,637	112,428	29,489	<b>191,217</b>
Geological	50,675	-	-	28,425	12,619	<b>91,719</b>
Geochemistry	-	-	-	-	30,587	<b>30,587</b>
Salaries	75,467	936	291	211,552	96,635	<b>384,881</b>
Share-based compensation	15,293	-	-	35,914	8,012	<b>59,219</b>
Additions for the period	231,740	2,573	1,928	1,484,619	182,092	<b>1,902,952</b>
Partner funded exploration program	-	-	-	(1,437,018)	-	<b>(1,437,018)</b>
Balance, June 30, 2024	<b>14,869,980</b>	<b>693,938</b>	<b>5,494,421</b>	<b>2,191,704</b>	<b>691,966</b>	<b>23,942,009</b>
<b>Balance, June 30, 2024</b>	<b>17,009,634</b>	<b>803,436</b>	<b>5,536,502</b>	<b>2,219,486</b>	<b>963,245</b>	<b>26,532,303</b>

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

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

	<b>Tintyava</b>	<b>Nadezhda &amp; Dangovo</b>	<b>Momchil</b>	<b>Iglika</b>	<b>Zlatusha</b>	<b>Kalabak</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
<i>Acquisition costs</i>							
Balance, December 31, 2022	2,103,325	108,669	42,081	147,161	-	-	<b>2,401,236</b>
Property option proceeds	-	-	-	(325,198)	-	-	<b>(325,198)</b>
Property option payments	-	-	-	-	220,000	-	<b>220,000</b>
Legal and claim fees	36,329	829	-	178,037	47,969	8,293	<b>271,457</b>
Additions (recovery) for the year	36,329	829	-	(147,161)	267,969	8,293	<b>166,259</b>
<b>Balance, December 31, 2023</b>	<b>2,139,654</b>	<b>109,498</b>	<b>42,081</b>	<b>-</b>	<b>267,969</b>	<b>8,293</b>	<b>2,567,495</b>
<i>Exploration and evaluation</i>							
Balance, December 31, 2022	14,147,897	667,281	5,486,620	2,025,410	-	-	<b>22,327,208</b>
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	-	-	<b>56,398</b>
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	<b>2,914,143</b>
Property option proceeds	-	-	-	(8,952)	-	-	<b>(8,952)</b>
Partner funded exploration programs	-	-	-	(1,690,687)	-	-	<b>(1,690,687)</b>
Balance, December 31, 2023	<b>14,638,240</b>	<b>691,365</b>	<b>5,492,493</b>	<b>2,144,103</b>	<b>509,874</b>	<b>65,637</b>	<b>23,541,712</b>
Impairment	-	-	-	-	-	(73,930)	<b>(73,930)</b>
<b>Balance, December 31, 2023</b>	<b>16,777,894</b>	<b>800,863</b>	<b>5,534,574</b>	<b>2,144,103</b>	<b>777,843</b>	<b>-</b>	<b>26,035,277</b>

**VELOCITY MINERALS LTD.**

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(Expressed in Canadian dollars)

For the three and six months ended June 30, 2024 and 2023

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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*

Six months ended June 30, 2024

*Shares issued for services*

During the six months June 30, 2024, the Company issued 250,000 common shares fair valued at \$25,000 for consulting fees, pursuant to a strategic review process advisory agreement, of which 125,000 common shares fair valued at \$13,750 were in respect to consulting fees provided during the three-month period ended on December 31, 2023.

Six months ended June 30, 2023

*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 22, 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 \$44,750 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 \$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%.



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

The Company recorded 100,000 commons shares fair valued at \$10,000 issuable for consulting fees, pursuant to the strategic review process advisory agreement, as amended and extended. The shares were issued subsequent to June 30, 2024.

**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:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
As at December 31, 2022	6,526,000	\$ 0.35
Granted	3,665,000	0.16
Forfeited	(595,000)	0.30
<b>As at December 31, 2023</b>	<b>9,596,000</b>	<b>\$ 0.28</b>
Granted	3,735,000	0.11
Forfeited	(139,000)	0.39
<b>Number of options outstanding June 30, 2024</b>	<b>13,192,000</b>	<b>\$ 0.23</b>
<b>Number of options exercisable, June 30, 2024</b>	<b>5,647,480</b>	<b>\$ 0.33</b>

As at June 30, 2024, the Company had stock options outstanding and exercisable enabling the holder to acquire common shares as follows:

<b>Number of Stock options Outstanding</b>	<b>Number of Stock options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Remaining life in years</b>
800,000	800,000	\$0.48	August 11, 2025	1.4
1,142,000	1,142,000	\$0.45	May 12, 2026	2.1
3,695,000	2,453,480	\$0.30	May 31, 2027	3.2
200,000	99,960	\$0.25	August 16, 2027	3.4
3,320,000	1,102,240	\$0.16	June 22, 2028	4.2
300,000	49,800	\$0.13	October 2, 2028	4.5
3,455,000	-	\$0.11	January 10, 2029	4.8
280,000	-	\$0.10	May 9, 2024	4.9
<b>13,192,000</b>	<b>5,647,480</b>	<b>\$0.33</b>		<b>2.9</b>

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

(Expressed in Canadian dollars)

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

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the six months ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Expected life of options (years)	4.0	4.0
Annualized volatility	65%	64%
Dividend rate	-	-
Risk-free rate	3.5%	3.9%
Weighted average fair value per option granted	\$ 0.06	\$ 0.08
Weighted average exercise price per option granted	\$ 0.11	\$ 0.16

The Company recognized share-based compensation as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<b>Share-based compensation:</b>				
Included in statement of loss and comprehensive loss	\$ 67,509	\$ 44,325	\$ 135,660	\$ 104,922
Included in exploration and evaluation assets	29,887	21,079	59,219	47,174
<b>Total share-based compensation expense</b>	<b>\$ 97,396</b>	<b>\$ 65,405</b>	<b>\$ 194,879</b>	<b>\$ 152,096</b>

**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
879,200	\$0.10	December 19, 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	(655,427)	0.15
As at June 30, 2024	17,922,462	\$ 0.21

The weighted average remaining contractual life of warrants outstanding and exercisable at June 30, 2024 was 0.8 year (December 31, 2023 – 1.3 years).

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**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 and six months ended June 30, 2024 and 2023 and as at June 30, 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Total profit (loss) and comprehensive profit (loss)	\$ 9,726	\$ (73,553)	\$ 2,033	\$ (127,300)
Total profit (loss) and comprehensive profit (loss) allocated to NCI	2,918	(22,066)	610	(38,190)

	June 30, 2024	December 31, 2023
Current assets	\$ 369,330	\$ 308,597
Non-current assets	15,689,672	15,539,410
Current liabilities	(39,430)	(35,963)
Non-current liabilities	(13,290)	(17,448)
Net assets	16,006,282	15,794,596
Net assets attributable to NCI	4,801,885	4,738,379

**9. PROJECT EVALUATION**

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Field, vehicles, travel	\$ 37,915	\$ 16,701	\$ 42,543	\$ 19,561
Geological consulting (Note 10)	92,436	74,860	179,545	115,394
Geochemistry	3,680	4,448	5,944	6,429
Permit application fees	13,421	-	16,753	2,194
Salaries	64,397	14,601	69,863	48,373
	\$ 211,849	\$ 110,610	\$ 314,648	\$ 191,951

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**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>	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Short-term benefits paid or accrued:</b>				
Consulting fees	\$ 66,610	\$ 84,266	\$ 133,219	\$ 142,417
Salaries and directors' fees	114,747	153,064	207,645	249,474
	181,357	237,330	340,864	391,891
<b>Share-based compensation:</b>				
Share-based compensation	59,834	37,180	119,437	76,002
<b>Total remuneration</b>	<b>\$ 241,191</b>	<b>\$ 274,510</b>	<b>\$ 460,301</b>	<b>\$ 467,893</b>

Consulting fees of \$23,314 and \$53,288 are included in exploration and evaluation assets for the three and six months ended June 30, 2024, respectively (2023 - \$37,891 and \$65,380), and \$43,296 and \$79,931 are included in project evaluation costs (Note 9) for the three and six months ended June 30, 2024 respectively (2023 - \$46,375 and \$77,037).

***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.

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Office rent</b>	\$ -	\$ 9,000	\$ 4,171	\$ 18,000

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.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Net change in right-of-use lease asset	\$ (65,349)	\$ -
Lease receivable	65,349	-
Depreciation capitalized to exploration and evaluation assets	43,501	24,493
Change in Receivables-partner funded exploration programs included in exploration and evaluation assets	-	(534,268)
Change in trade and other payables included in exploration and evaluation assets	(114,710)	425,951
Share-based compensation included in exploration and evaluation assets	59,219	47,174
Fair value of finders' warrants	-	35,058
Shares issued for mineral properties, fair value	-	220,000
Shares issued for consulting fees, fair value	25,000	-
Interest paid	-	840
Income taxes paid	-	-

**VELOCITY MINERALS LTD.**

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**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 June 30, 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 June 30, 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 June 30, 2024, the Company had a cash and cash equivalents balance of \$1,852,555, including restricted cash of \$53,988 (December 31, 2023 - \$3,154,881, including restricted cash of \$79,646) to settle current liabilities of \$583,699 (December 31, 2023- \$905,920). 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.

**VELOCITY MINERALS LTD.**

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**12. 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 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 June 30, 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 \$55,300 decrease or increase in profit or loss.

c) 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 and six months ended June 30, 2024.

**14. SEGMENT INFORMATION**

The Company operates in one reportable segment being the exploration and evaluation of mineral resource properties in Bulgaria. As at June 30, 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.