

INDICO RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

Three Months Ended August 31, 2024

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of Indico Resources Ltd. (the “Company”) has been prepared by and is the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of this financial report.

INDICO RESOURCES LTD.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	August 31, 2024	May 31, 2024
ASSETS			
Current assets			
Cash		\$ 341	\$ 1,101
Sales tax recoverable		13,494	13,217
Prepaid and deposit		417	-
Total assets		\$ 14,252	\$ 14,318
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Trade and other payables	4	\$ 712,140	\$ 708,079
Amounts due to related parties	5	1,639,042	1,635,262
Convertible loan from related parties	5	60,000	60,000
Loans payable to related parties	5	1,153,790	1,347,071
Loans payable	6	216,250	20,000
Total liabilities		3,781,222	3,770,412
Shareholders' deficiency			
Share capital	7	30,664,353	30,664,353
Share-based payments reserve	8	3,003,949	3,003,949
Deficit		(37,435,272)	(37,424,396)
Total shareholders' deficiency		(3,766,970)	(3,756,094)
Total liabilities and shareholders' deficiency		\$ 14,252	\$ 14,318

Events after the reporting period (Note 12)

The financial statements were authorised for issue by the board of directors on October 29, 2024 and were signed on its behalf by:

"Brian Kerzner" Director _____
"Robert Parsons" Director

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

INDICO RESOURCES LTD.
INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
THREE MONTHS ENDED AUGUST 31
(Unaudited – Prepared by Management)

	Note	2024	2023
EXPENSES			
Accounting and audit		\$ 2,500	\$ 2,500
Filing and transfer agent fees		4,272	2,429
Loan interest		3,780	3,780
Management and director fees	5	-	21,500
Office and miscellaneous		324	251
Loss before item below		(10,876)	(30,460)
Foreign exchange gain		-	1,955
Loss and comprehensive loss for the period		\$ (10,876)	\$ (28,505)
Basic and diluted loss per common share	7	\$ (0.00)	\$ (0.01)

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

INDICO RESOURCES LTD.**INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**

(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total
Balance, May 31, 2024		3,675,092	\$ 30,664,353	\$ 3,003,949	\$ (37,424,396)	\$ (3,756,094)
Comprehensive income for the period		-	-	-	(10,876)	(10,876)
Balance, August 31, 2024		3,675,092	\$ 30,664,353	\$ 3,003,949	\$ (37,435,272)	\$ (3,766,970)

		Number of Shares	Share capital	Share-based payments reserve	Deficit	Total
Balance, May 31, 2023		3,675,092	\$ 30,664,353	\$ 3,003,949	\$ (37,219,354)	\$ (3,551,052)
Comprehensive income for the period		-	-	-	(28,505)	(28,505)
Balance, August 31, 2023		3,675,092	\$ 30,664,353	\$ 3,003,949	\$ (37,247,859)	\$ (3,579,557)

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

INDICO RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED AUGUST 31
(Unaudited – Prepared by Management)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (10,876)	\$ (28,505)
Items not affecting cash:		
Accrued loan interest	3,780	3,780
Foreign exchange loss	-	(1,955)
Changes in non-cash working capital items:		
Sales tax recoverable	(277)	(127)
Prepaid and deposit	(417)	-
Trade and other payables	4,061	2,779
Amounts due to related parties	-	21,500
Net cash used in operating activities	(3,729)	(2,528)
CASH FLOWS FROM FINANCING ACTIVITY		
Loan advances from related parties	2,969	2,330
Net cash provided by financing activity	2,969	2,330
Change in cash during the period	(760)	(198)
Cash, beginning of the period	1,101	1,448
Cash, end of the period	\$ 341	\$ 1,250

There were no significant non-cash transactions during the three month periods ended August 31, 2024 and 2023.

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

1. NATURE OF BUSINESS AND GOING CONCERN

Indico Resources Ltd. (the “Company” or “Indico”) was previously registered in Bermuda and became extra-provincially registered in the province of British Columbia under the *Business Corporations Act* on June 22, 2006. The Company changed domicile from Bermuda to British Columbia by way of a continuance under the *Business Corporations Act* (British Columbia) effective October 15, 2009. The registered address and records office of the Company is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Canada. The Company is engaged in the acquisition, exploration, and development of mineral properties. The Company’s common shares are listed on the NEX board of the TSX Venture Exchange (TSX-V) under the symbol “IDI”. The Company is actively pursuing new business opportunities.

The Company is an exploration stage company. The Company has an accumulated deficit of \$37,435,272 as at August 31, 2024 and a working capital deficiency of \$3,766,070. The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. There is no assurance that the Company will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The directors, after reviewing the current cash and debt positions and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed unaudited interim financial statements of the Company have been prepared in accordance with IFRS Accounting Standards, as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed unaudited interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended May 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

INDICO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited – Prepared by Management)

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

Significant judgments

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Derecognition of a financial liability may involve certain judgments to assess the nature and the term of the financial obligations to determine whether the obligations still exist.
- ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) Judgment is required in applying IFRS 9 Financial Instruments to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual consolidated financial statements for the year ended May 31, 2024 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective June 1, 2024 that impacted the Company's financial statements.

4. TRADE AND OTHER PAYABLES

	August 31, 2024	May 31, 2024
Trade payables	\$ 682,417	\$ 680,023
Accrued expenses	29,723	28,056
	<hr/>	<hr/>
	\$ 712,140	\$ 708,079

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

INDICO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED AUGUST 31, 2024**

(Unaudited – Prepared by Management)

5. RELATED PARTY TRANSACTIONS

Amounts due to related parties of \$1,639,042 (May 31, 2024 - \$1,635,262) were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers and are unsecured, non-interest bearing, and have no specific terms of repayment.

Loans payable to related parties are advances made by directors and officers. These advances are unsecured, non-interest bearing, and have no specific terms of repayment.

Balance, May 31, 2023	\$	1,093,790
Funds received		57,031
Amount reclassified from loans payable		196,250
Balance, May 31, 2024	\$	1,347,071
Funds received		2,969
Amount reclassified to loans payable		(196,250)
Balance, August 31, 2024	\$	1,153,790

During the year ended May 31, 2024, a non-related third party assigned \$196,250 of loan to the CEO of the Company for a total cash payment of \$100. On August 13, 2024, the debt assignment agreement between was terminated effective of that date.

In September 2022, the Company arranged a \$60,000 loan facility from family members of the Company's directors and officer. The loan is unsecured, bears interest at a rate of 25% per annum, and is repayable upon completion of the first financing after reinstatement on the NEX Board of the TSX-V. The loan is convertible at the holder's option into common shares of the Company at \$0.005 per share. During the year ended May 31, 2024, the conversion price of the loan was amended to \$0.20 per share and repayment terms of the loan were amended as earlier of completion of first financing after reinstatement or September 22, 2027. As of August 31, 2024, the outstanding principal of the loan was \$60,000 (May 31, 2024 - \$60,000) and the accrued interest on the loan was \$28,125 (May 31, 2024 - \$24,345) and included in amounts due to related parties.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three month periods ended August 31 is as follows:

	2024	2023
Management fees	\$ -	\$ 16,500
Directors' fees	-	5,000
Total	\$ -	\$ 21,500

The Company entered into the following related party transactions during the three months ended August 31, 2024:

- Paid or accrued management fees of \$nil (2023 - \$7,500) to the CEO of the Company for management services.
- Paid or accrued management fees of \$nil (2023 - \$9,000) to the CFO of the Company for management services.
- Paid or accrued director fees of \$nil (2023 - \$5,000) to two directors of the Company.

INDICO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2024
(Unaudited – Prepared by Management)

6. LOANS PAYABLE

Balance, May 31, 2023	\$	216,250
Amount reclassified to loan payables to related parties (Note 5)		(196,250)
Balance, May 31, 2024	\$	20,000
Amount reclassified from loan payables to related parties (Note 5)		196,250
Balance, August 31, 2024	\$	216,250

Loans payable are advances made by non-related third parties. These advances are unsecured, non-interest bearing, and have no specific terms of repayment.

7. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Share consolidation

On January 17, 2024, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share, stock option and warrant for every forty (40) pre-consolidation common shares, stock options and warrants. All information relating to basic and diluted loss per share, issued and outstanding common shares, share options and warrants in these financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

Issued share capital

At August 31, 2024 and May 31, 2024, the Company had 3,675,092 common shares outstanding.

Basic and diluted loss per share

The calculation of basic and diluted loss/earnings per share for the three months ended August 31, 2024 was based on the loss attributable to common shareholders of \$10,876 (2023 - \$28,505) and a weighted average number of common shares outstanding of 3,675,092 (2023 - 3,675,092).

8. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years with vesting terms determined by the Board of Directors.

The Company had no stock option transactions during the year ended May 31, 2024 and the three months ended August 31, 2024. There were no stock options outstanding as at May 31, 2024 and August 31, 2024.

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity. 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 Company currently has no source of revenues, and accordingly, is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing capital deficiency and raise additional funds as needed. 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 from the prior year. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash classified as subsequently measured at amortized cost; trade and other payables, amounts due to related parties, convertible loan from related parties, loans payable to related parties and loans payable as subsequently measured at amortized cost financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to short term nature of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As of August 31, 2024, the Company had a cash balance of \$341 and current liabilities of \$3,781,222. The Company's financial liabilities are either past due or due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been loan advances from related parties and the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature and maturity.

11. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at August 31, 2024, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the three months ended August 31, 2024.

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to August 31, 2024, the Company received loan advances of \$35,000 from related parties and \$15,000 from a non-related party. These advances are unsecured, non-interest bearing, and have no specific terms of repayment.

On October 21, 2024, the Company issued 7,639,815 common shares to settle \$632,701 in trade payable, \$386,489 in amounts due to related parties, \$20,000 in loans payable, and \$106,782 in loans payable to related parties.