REGAL RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Accompanying the January 31, 2025 Condensed Consolidated Interim Financial Statements

Dated: April 1, 2025

Management Discussion and Analysis

Accompanying the January 31, 2025, Interim Financial Statements

The Management Discussion and Analysis ("MD&A"), prepared April 1, 2025 should be read in conjunction with the audited consolidated financial statements for the fiscal years ended July 31, 2024 and 2023, and the related notes thereto of Regal Resources Inc. ("Regal" or the "Company").

The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

The Company was incorporated under the Business Corporations Act of British Columbia on January 24, 2006. The Company is engaged in the acquisition, exploration and development of its mineral properties, located in Arizona, USA. The Company was suspended from trading on the Canadian Securities Exchange on April 25, 2016, and trading has not been reinstated to date.

The Company has two wholly owned subsidiaries, Regal Resources USA, Inc. and Arizona Standard LLC, a company formed for the development of mineral properties between Regal USA and Arizona Standard (US) Corp.

The Company's head office is located at 1650 Cedar Cres., Vancouver, British Columbia, Canada V6J 2P9 and its registered office is at 6th Floor, 905 West Pender St., Vancouver, British Columbia, Canada, V6C 1L6.

OVERALL PREFORMANCE/ DISCUSSION OF OPERATIONS

Mineral Property Interests

The Company holds certain mineral claims located in Santa Cruz County, Arizona known as the Sunnyside Property. In August 2017, the Company entered into an arm's length definitive agreement (the "Sunnyside Agreement") with Barksdale Resources Corp. ("Barksdale") to option (the "Option") up to 67.5% of the Sunnyside Property.

The Option is exercisable in two stages with Barksdale entitled to acquire an initial 51% interest in the Sunnyside Property upon making payments to the Company totalling $2,950,000 cash and the issuance of 10,100,000 common shares of Barksdale to the Company and cumulative expenditures of $6,000,000 on the property during the first two years of the Option (following receipt of all required governmental permits). Upon acquiring an initial 51% interest in the Sunnyside Property, Barksdale will be entitled to increase its interest to 67.5% upon payment of an additional $550,000 cash and the issuance of 4,900,000 common shares of Barksdale to the Company and the expenditure of an additional $6,000,000 on the property within a further two-year period.

The following is a summary of Barksdale's Option earn-in requirements:

Period	Cash $	Exploration Requirement $	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (received)
On or before end of Year 1 *	1,200,000 (paid)	3,000,000	3,850,000 (received)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total	**3,500,000**	**12,000,000**	**15,000,000**

*Year 1 commenced on September 7, 2023 ("Commencement Date"), which is the date Barksdale received all required governmental permits including drilling permits to carry out an initial exploration program on the Sunnyside Property. On September 5, 2024, the Company received $717,071 from Barksdale and delivery of a share certificate for 3,850,000 shares of Barksdale common stock released from escrow to complete Payment 1 under the terms of the certain Option agreement. The payment received of $717,071 reflects the required gross payment of $1.2 million, net $254,700 previously remitted by Barksdale on behalf of Regal to the original optionors of the Sunnyside property and reflects further offsets of $150,000 of transaction costs and double the costs related to Regal's retention of a proxy agent totaling $78,229, as approved by prior Regal management with respect to a terminated agreement between Barksdale and Regal in May 2021, whereunder Barksdale attempted to acquire a 100% interest in the Sunnyside property, but did not receive Regal shareholders approval for same. Concurrent with transfer of the initial 51% earn in by Barksdale, the Company has the option to audit Barksdale's total expenditures on the Sunnyside Property to confirm the validity of proposed qualified expenditures under the terms of the Sunnyside Agreement.

Upon Barksdale earning either a 51% interest or 67.5% interest in the Sunnyside Property, the Company and Barksdale will enter into and participate in a joint venture for the purpose of further exploring and developing the property. The Sunnyside Agreements contain provisions for dilution of a party's working interest for failure to fund joint venture cash calls, subject to automatic conversion of a party's interest into a 5% net proceeds interest (not to exceed 90% of the net amount of the party's contributed capital) if diluted to less than 10%. Barksdale will be the operator of the Sunnyside Property during the term of the Option and, if applicable, the joint venture.

<u>The Sunnyside Agreement further provides that:</u>

a) Barksdale drill a minimum of 25,000 feet within two years from Commencement Date to earn a 51% interest in the Sunnyside Property and to drill a further 25,000 feet within four years from Commencement Date to increase their ownership interest in the Sunnyside Property to 67.5%;
b) until such time as Barksdale has earned a 51% interest in the Sunnyside Property, Barksdale will not acquire, directly or indirectly, any common shares of Regal without the prior consent of Regal;
c) Barksdale and the Company have a mutual 15 day right of first refusal to acquire all or any part of Regal's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by either party;
d) Barksdale is subject to an acceleration payment clause in the case of change of control or a transfer of the interest in the Sunnyside Property to a third party during the Option earn-in period; and
e) the Sunnyside Agreement is subject to arm's length net smelter returns ("NSR") between 1.5% to 3%.

Barksdale may terminate the Option at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including reclamation requirements, as required.

Upon receipt of the cash and share consideration from Barksdale with respect to Year 1 as set out above, the Company recorded a gain as a result of the option payments as set out below:

Consideration

3,850,000 shares of BRO common stock	$	577,500
Net cash received		717,071
Exploration/option related expenses paid by BRO		228,229
Total		1,522,800
Sunnyside property assets as of July 31, 2024		(672,634)
Gain on receipt of payment option	$	851,166

As of January 31, 2025 the Company had the following capitalized mineral property interest:

	Sunnyside Property ($)
Balance, January 31, 2025	0

Exploration activity on the property as disclosed and published in Barksdale's Management Discussion and & Analysis filed on https://www.sedarplus.ca/ for the nine months ended December 31, 2024, includes the following summary information which information is duplicated in its entirety as an excerpt of the public disclosures included in Barksdale's unaudited interim report. Information extracted from Barksdale's public disclosure documents are reported inside quotation marks and in italics below. References in the italicized excerpt to Company refer to Barksdale and not to Regal Resources Inc.:

"Sunnyside Property – Barksdale's Exploration History

Prior to September 2023, Barksdale's exploration of the Sunnyside Property had been limited to surface exploration. In 2018 and 2019, this consisted of detailed 1:6000 surface geologic mapping, structural analysis, three-dimensional computer modeling and data compilation. A multiple element geostatistical analysis of the 2018 surface geochemical sampling (1,904 samples) collected over the northern half of the Sunnyside Property was also completed.

During the quarter ended December 31, 2019, the Company completed and updated the integrated 3D geological model of the northern half of the Sunnyside property incorporating 1:6000 scale geologic mapping completed in June 2019 with the previously collected data sets acquired from surface geochemistry sampling and geophysical surveys. The updated integrated model has resulted in the identification of additional exploration drill target areas to the south and west of the earlier drill targets identified in 2018 and early 2019.

In September 2023, the Company commenced drilling at the first target, a 765 meter deep core wedge hole, SUN-001. In October 2023, the SUN-001 hole encountered a 20-meter void as it transitioned from volcanics into the targeted carbonate horizon which resulted in its abandonment prior to testing the mineralized horizon. In December 2023, SUN-002 had been completed to a depth of 1,897 meters having intersected multiple zones of porphyry related mineralization including a shallow enrichment blanket, veins, and porphyry mineralization. Mineralization intersected within SUN-002 consisted of chalcocite that was encountered between 332 and 360m. The zone hosts copper mineralization with a strong silver component that correlates well with historic drilling that extends nearly 2km to the northwest. This intercept is correlated with historic drill holes approximately 700m away, showing that an extensive zone of enrichment is present *at shallow depths across much of the permitted drill area. Deeper zones of sulfide mineralization were encountered between 1,103-1,203m and 1,248-1,261m depth that displayed disseminated mineralization (chalcopyrite, sphalerite, and molybdenite) as well as quartz-pyrite-chalcopyrite veining up to 2cm diameter with quartz-sericite halos and potassium silicate altered quartz monzonite porphyry. Highlights of results include;*

- *27m at 0.33% copper, 13.9 g/t silver, 0.04 g/t gold, 0.13% zinc from 332 meters.*
    - *Including 9.15m at 0.49% copper, 28.8 g/t silver, 0.05 g/t gold, 0.22% zinc from 332 meters.*

In February 2024, the SUN-003 hole intersected the host carbonate stratigraphy as projected by the current exploration model. Thirteen zones of disseminated polymetallic CRD mineralization with narrow intervals of semi-massive sulfides were encountered within carbonate rocks between 65 and 95m northwest of historic hole TCH-2. Highlights of results include;

- *4.97m grading 1.54% zinc, 1.54% lead, 14.90 g/t silver, and 0.01 g/t gold from 1354.97m*
- *5.95m grading 1.67% copper, 0.44% lead, 0.10% zinc, 40.64 g/t silver, and 0.04 g/t gold from 1383.33m*
- *Including 0.98m grading 8.18% copper, 0.12% lead, 0.21% zinc, 114 g/t silver and 0.04 g/t gold from 1385.77m*
- *1.77m grading 0.96% copper, 3.04% zinc, 2.09% lead, 26.69 g/t silver, and 0.08 g/t gold from 1394.52m*
- *Including 0.49m grading 1.42% copper, 9.19% zinc, 5.61% lead, and 67.7 g/t silver and 0.04 g/t gold from 1395.8m*
- *0.76m grading 1.3% copper, 4.99% zinc, 3.56% lead, and 50.6 g/t silver and 0.13 g/t gold from 1405.04m*

In February 2024, the Company announced it was transitioning away from the current drilling contractor at the Sunnyside project and had ceased drilling activities. The Company has initiated a search for a new drilling partner with the expertise necessary to effectively carry out the envisioned wedging/directional drilling program. As of the date of this report, the Company has completed approximately 15,000 ft of drilling.

In March 2024, the Company received final assays from the lower zones of polymetallic CRD mineralization intersected in SUN-003 which included the following results;

- *2.28m grading 1.72% Zn, 0.63% Pb, 13.5 g/t Ag, and 0.016 g/t Au from 1480.57m depth*
- *1.01m grading 0.46% Cu, 11.9% Zn, 3.8% Pb, 377 g/t Ag, and 0.028 g/t Au from 1550.67m depth*

In November 2024, the Company received initial assay results from the drill hole SUN24-002 of Chalcocite zone which included the following results:

- *4.33% copper, 2.45% zinc and 99.7 g/t silver*
    - *Including broader anomalous zones of copper, lead and zinc*

In January 2025, the Company received assay results from the drill hole SUN24-002B, a deviation from drill hole SUN24-002, which included the following results:

- *3.1% copper, 5.5% zinc, 842 g/t silver and 7.5% lead.*
    - *Including broad zones of anomalous iron, manganese, lead, zinc, copper and silver*

Drill hole SUN24-002B was lost at a depth of 1,374m (4,507ft) when the rods became stuck, and the hole had to be abandoned.

As of the date of this report, the Company has completed approximately 21,800ft ft of drilling in Phase I and II drill programs.

The Company will be putting future drill contracts out to bid for the 2025 exploration programs.

The Company continues to explore a range of strategic opportunities for its upcoming drilling."

The Company has no source of revenue other than the property payments required by Barksdale. The Company has sustained losses from operations and has an ongoing requirement for capital investment for its mineral property interests; these conditions cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent primarily upon its ability to obtain necessary financing from the issuance of shares, borrowing or from other sources. The Company is subject to risks and challenges like other mining companies in a comparable stage of operation, exploration, and development. These risks include, but are not limited to, losses, and negative operating cash flow for the foreseeable future, and the Company's dependence on raising cash through debt or equity markets and the successful development of its mineral property interests to satisfy its commitments and continue as a going concern.

Outlook and Economic Conditions

The Company is a mineral exploration company, focused on exploring its property interests, and on identifying potential acquisitions of other mineral exploration properties, should such acquisitions be consistent with its objectives and acquisition criteria. The Company's mineral exploration activities are currently caried out by Barksdale under the terms of agreement discussed above and these operations are currently restricted to Arizona. The Company's financial success will be dependent upon the extent to which it can define and/or make discoveries of economic mineral deposits. The development of such assets may take years to complete and the resulting income, if any, is difficult to determine timing and quantum with any certainty. To date, the Company has not produced any revenues. The sales value of any minerals defined and/or discovered by the Company is largely dependent upon factors beyond its control, such as prevailing treatment/refining costs and commodities prices from time to time. There are significant uncertainties regarding the prices of base and precious metals and the availability of financing for the purposes of exploration and evaluation. The future performance of the Company is largely tied to commodity prices and the successful exploration, discovery and future potential development of its projects. Financial and equity markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy. Management regularly monitors economic conditions, estimates their impact on the Company's operations, and incorporates these estimates in both short-term and longer-term strategic planning.

The information provided above is summary in nature, for more details please refer to the Company's news releases available on SEDARPLUS at www.sedarplus.ca.

SELECTED FINANCIAL INFORMATION

A summary of selected quarterly information from the Company's condensed consolidated interim financial statements is as follows:

	Six Months Ended January 31, 2025 $	Fiscal year ended 2024 $	Fiscal Year ended 2023 $
Total assets	600,288	731,838	768,558
Current liabilities	4,925,556	5,113,700	4,330,610
Total liabilities	4,925,556	5,113,700	4,330,610
Net income (loss) and comprehensive gain (loss) for the period	56,594	(819,810)	(863,169)

RESULTS OF OPERATIONS

Three Months ended January 31, 2025

The following table sets forth expense items with variances between the three-month periods ended January 31, 2025 and 2024

	Three Months Ended January 31, 2025	Three Months Ended January 31, 2024	Increase/(Decrease) $
Expenses			
Finance costs	141,879	144,762	(2,883)
Foreign exchange	9	(652)	661
Management fees	-	54,000	(54,000)
Office and miscellaneous	47,376	2,261	45,115
Professional fees	23,667	23,981	(314)
Regulatory fees	9,335	1,069	8,266
Realized loss on sale of marketable securities	(13,156)	-	13,156
Unrealized loss on marketable securities	(131,087)	-	131,087
Net loss and comprehensive loss for period	(366,509)	(225,421)	141,088

Finance Costs decreased slightly for the three months ended January 31, 2025, as compared to the 2024 three-month period as the Company retired certain outstanding loans in the current period. Finance costs for the three months ended January 31, 2025 include accrued interest and amortization of debt discount of $48,230 (three months ended January 31, 2024 - $51,811).

Foreign exchange losses increased for the three months ended January 31, 2025 compared to the 2024 period due to the exchange rate changes for the US dollar as certain of the Company's debt and payables are denominated in US dollars.

Management fees decreased substantially for the three months ended January 31, 2025, over 2024 as the Board of Directors and the Officers of the Company determined not to invoice any monthly charges for management or consulting fees commencing August 1, 2024. The 2024 three month period includes fees accrued for the Company's CEO and consulting fees accrued for two of the Company's members of the Board of Directors.

Office and miscellaneous expenses increased from $2,261 (three months ended January 31, 2024) to $47,376 (three months ended January 31, 2024) mainly due to bonuses paid to directors and consultants in the amount of $46,650 with no comparable expense in the three months ended January 31, 2024, offset by slight decreases to other office expenses. dues and subscriptions, and office expenses. Office and miscellaneous expenses for the three months ended January 31, 2025, are comprised of bank charges of $67, bonuses of $46,650, dues and subscriptions of $300, and investor relations of $358. Office and miscellaneous expenses for the three months ended January 31, 2024, are comprised of bank charges of $67, dues and subscriptions of $281, consulting fees of $1,913.

Professional fees remained relatively constant for the three months ended January 31, 2025, and 2024 and are comprised of accounting fees of $3,281, legal fees of $20,081 and audit fees of $305. Professional fees for the three months ended January 31, 2024, are comprised of audit fees of $27,836 and legal fees of $16,750 and a credit to accounting fees of $20,605 due to a refund of accounting fees previously incurred.

Regulatory fees are related to transfer agent fees and regulatory filing fees which increased in the three months ended January 31, 2025 compared to the 2024 three month period due to the regulatory filing fees imposed for the late filings of financial reports to the various provincial regulators as the Company recommenced its filings on Sedar in the period ended January 31, 2025.

The realized loss on the sale of marketable securities is recorded upon divestiture of the securities in the period as a result of the sale of shares at a lower value per share than initial book value of the securities when acquired. The unrealized loss on marketable securities relates to a decline in fair market value of the marketable securities held for sale as at the reporting date.

Six Months Ended January 31, 2025

The following table sets forth expense items with variances between the six-month periods ended January 31, 2025 and 2024

	Six Months Ended January 31, 2025	Six Months Ended January 31, 2024	Increase/(Decrease) $
Expenses			
Finance costs	286,240	285,001	1,239
Foreign exchange	657	794	(137)
Management fees	-	108,000	(108,000)
Office and miscellaneous	48,767	4,187	44,580
Professional fees	38,742	54,187	(15,445)
Regulatory fees	10,504	1,659	8,845
Exploration expenses	228,229	0	228,229
Realized loss on sale of marketable securities	(19,146)	0	19,146
Unrealized loss on marketable securities	(162,287)	0	162,287
Gain on sale of mineral property interest	851,166	0	851,166
Net gain (loss) and comprehensive loss for period	56,594	(453,828)	510,422

Finance Costs remained relatively constant for the respective six month periods ended January 31, 2025 and 2024 and consist of accrued interest as well as amortization of debt discount of $96,984 (January 31, 2024 - $101,193).

Loss from foreign exchange decreased slightly for the six months ended January 31, 2025 as compared to the 2024 six month period as a result of exchange rate changes for the US dollar as certain of the Company's debt and payables are denominated in US dollars.

Management fees decreased substantially for the six months ended January 31, 2025, as compared to 2024 as the Board of Directors and the officers of the Company determined not to invoice any monthly charges for management or consulting fees commencing August 1, 2024. The 2024 comparative six month period includes fees accrued for the Company's CEO and consulting fees accrued for two of the Company's members of the Board of Directors.

Office and miscellaneous expenses increased from $4,187 (January 31, 2024) to $48,767 in the current six month period mainly due to bonuses paid to directors and consultants in the period in the amount of $46,650 with no comparable payments in the six months ended January 31, 2024. These bonus payments were offset by a slight decrease to other office expenses. dues and subscriptions, and office expenses. Office and miscellaneous expenses for the six months ended January 31, 2025 are comprised of bank charges of $289, bonuses of $46,650, dues and subscriptions of $660, and investor relations costs of $1,168 Office and miscellaneous expenses for the six months ended January 31, 2024 are comprised of bank charges of $127, dues and subscriptions of $460, and consulting fees of $3,600.

Professional fees decreased by $15,445 for the six months ended January 31, 2025, as compared to the six months ended January 31, 2024. Professional fees for the six months ended January 31, 2025, are comprised of accounting fees of $16,232, legal fees of $22,205 and audit fees of $305. Professional fees for the six months ended January 31, 2024, are comprised of audit fees of $27,835, legal fees of $17,861 and accounting fees of $8,491.

Regulatory fees are related to transfer agent fees and regulatory filing fees which increased in the six months ended January 31, 2025 as compared to the six months ended January 31, 2024 due to the regulatory filing fees imposed for the late filings of the Company's financial reports to the various provincial regulators as the Company re-commenced its filings on Sedar in the period ended January 31, 2025 with no comparable regulatory filing fees for the period ended January 31, 2024.

Exploration expenses related to the Sunnyside option agreement totaled $228,229 in the six months ended January 31, 2025 with no comparable expense booked for the six months ended January 31, 2024.   Hese property expenses related to a hold back by Barksdale Resources from their property option payment of $1,200,000 for $150,000 of transaction costs and double the costs related to Regal's retention of a proxy agent totaling $78,229 from a failed merger transaction in a prior period.

The realized loss on the sale of marketable securities is recorded upon divestiture of the securities in the period as a result of the sale of shares at a lower value per share than initial book value of the securities when acquired. The unrealized loss on marketable securities relates to a decline in fair market value of the marketable securities held for sale as at the reporting date.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

Three Months Ended	Revenue $	General and administrative expenses $	Option/Exploration Expenses $	Net Income (Loss) $	Loss Per Share $
January 31, 2025	0	80,378	0	(366,509)(4)	0.01
October 31, 2024	0	17,635	228,229	423,103(3)	0.01
July 31, 2024	0	116,804	0	(201,613)(1)	(0.00)
April 30, 2024	0	64,852	0	(164,369)	(0.00)
January 31, 2024	0	81,310	0	(225,420)	(0.00)
October 31, 2023	0	86,713	0	(228,408)	(0.00)
July 31, 2023	0	81,630	0	(267,960) (2)	(0.00)
April 30, 2023	0	66,487	0	(195,767)	(0.00)
October 31, 2022	0	54,790	0	(183,894)	(0.00)

(1) This includes a write off of GST receivables in the amount of $38,127, finance costs of $532,598, losses on foreign exchange of $1,622 and a gain from debt modifications of $102,226.

(2) This includes a write off of GST receivables in the amount of $13,740, finance costs of $560,781and losses on foreign exchange of $1,283.

(3) This includes a gain of $851,166 with respect to an option payment received from Barksdale, a loss on the sale of marketable securities of $5,990, an unrealized loss in in the value of marketable securities of $31,200, finance costs of $144,361 and losses on foreign exchange of $648.

(4) This includes a loss on the sale of marketable securities of $13,156, an unrealized loss in in the value of marketable securities of $131,087, finance costs of $141,879 and foreign exchange of $9.

The Company had no revenues during the quarters reported above.

There were $228,229 in exploration expenses incurred during the quarters reported above as a result of certain earn in requirements with respect to an Option Agreement between the Company and Barksdale.

LIQUIDITY, CAPITAL RESOURCES AND COMMITMENTS

Working Capital and Cash

The Company's cash increased by $239,768 from $1,944 to $241,712 during the six months ended January 31, 2025.

	January 31, 2025 $	January 31, 2024 $
OPERATING ACTIVITIES:		
Net income (loss) for the period	56,594	(453,828)
Items not involving cash:		
Accretion of discounts on convertible debentures	96,984	101,193
Gain under mineral property interest option	(851,166)	-
Loss on sale of marketable securities	19,146	-
Unrealized loss on marketable securities	162,287	-
Accrued interest expense	95,574	183,690
Mineral property option related expense	228,229	-
Foreign exchange on loan payable	648	421
Changes in non-cash working capital:		
Sales taxes receivable	(3,316)	(6,161)
Prepaid expenses	-	10,000
Trade and other payables	(198,139)	8
Net cash used in operating activities	(393,159)	(164,677)

Cash used in operations of $393,159 during the six months ended January 31, 2025 was primarily a result of an a decrease to trade and other payables, offset by an increase to sales tax receivables.

During the six months ended January 31, 2025, the Company received proceeds as a result of payments owing under certain option agreements of $717,071 and net proceeds from the sale of certain marketable securities of $99,067 ($163,887 from sales offset by $64,820 as a result of the purchase of marketable securities).

During the six months ended January 31, 2025, the Company reduced advances and interest owing to related parties by $130,448, received additional proceeds from loans of $5,500 and made payments to retire loans payable of $57,615.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

Capital Management

The Company is an exploration stage company and currently does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital and payments received from the optionee of its mineral property. The Company has previously financed operations through loans and the issuance of convertible debentures, secured by the Company's assets.

The Company defines its capital as components of deficit. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operating segment. Achieving this objective requires management to consider the underlying nature of exploration activities, availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process. Although the Company has been successful at raising funds in the past through the issuance of share capital and debt, it is uncertain whether it will continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the six months ended January 31, 2025, or the fiscal year ended July 31, 2024.

Marketable Securities

The Company holds marketable common shares of Barksdale. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price on January 31, 2025, and are therefore classified as Level 1 within the fair value hierarchy. Continuity for the six months ended January 31, 2025 and fiscal year ended July 31, 2024 is as follows:

Marketable security	Balance, July 31, 2024 ($)	Additions ($)	Proceeds from Disposal ($)	Realized gain (loss) on disposal ($)	Balance, January 31, 2025 ($)	Unrealized gain (loss) on changes in fair value ($)	FMV Balance January 31, 2025 ($)
Barksdale (BRO.V)	-	642,320	163,887	(19,146)	459,287	(162,287)	297,000

On September 5, 2024, the Company received from Barksdale a share certificate for 3,850,000 shares of Barksdale common stock released from escrow with respect to the cash and share obligations for Year 1 under the terms of an Option agreement (see Mineral Property Interests above).

Contractual Obligations

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations for the years indicated:

In February 2024 the Company entered into agreements to extend the maturity date of its outstanding convertible debentures originally issued on February 10, 2022, and due on February 12, 2024 (the "**Convertible Debentures**") by one year to February 12, 2025 (the "**Extension**"). Pursuant to the Extension, all accrued and unpaid interest along with the principal amounts will become due and payable on February 12, 2025.

On February 10, 2022	Face Value $	Equity Portion $	Liability Portion $
Convertible debenture	2,885,000	352,611	2,532,389

The carrying value of the liability portion of the convertible debenture is as follows:

Balance, July 31, 2023	$	2,777,898
Accretion		107,102
Gain on modification		(102,226)
Balance, July 31, 2024		2,782,774
Accretion		96,984
Balance, January 31, 2025		2,879,758

The interest expense recorded in finance costs and interest payable included in trade and other payables during the three and six months ended January 31, 2025 and 2024 are as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2025 $	2024 $	2025 $	2024 $
Accretion (Finance costs)	48,230	51,811	96,984	101,193
Interest on the note	87,262	87,261	174,523	175,471
Total	135,492	139,072	271,507	276,664

Total interest payable on Convertible Debenture at January 31, 2025:

Balance, July 31, 2023	$	493,392
Interest expense		348,097
Cash payment		(120,915)
Balance, July 31, 2024		720.574
Interest expense		174,523
Cash payment		(88,242)
Balance, January 31, 2025*	$	806,855

*Of this amount $794,347 ($710,183 – July 31, 2024) reflects interest due and payable to a related party.

Loans payable consists of the following loans:

		January 31, 2025 $	July 31, 2024 $
May 2017 Loan	(1)	-	27,615
Various demand loans	(2)	234,675	259,175
Total		234,675	286,790

Interest and financing costs recorded on loans payable for the three and six months ended January 31, 2025, and 2024 are as follows:

		Three Months Ended January 31,		Six Months Ended January 31,	
		2025 $	2024 $	2025 $	2024 $
May 2017 Loan	(1)	-	1,016	1,586	2,065
Various on demand loans	(2)	5,894	4,227	11,670	5,719
Total		5,894	5,243	13,256	7,784

(1) May 2017 Loan

On May 1, 2017, the Company entered into an unsecured loan with a third party in the amount of US$20,000. The loan bears interest at 15% per annum, was due for repayment in 6 months, and the Company is required to issue US$2,000 worth of stock at $0.10 per share as a bonus.

During the fiscal year ended July 31, 2023, the Company made cash payments in the amount of US$3,500. During the fiscal year ended July 31, 2024, the Company made cash payments in the amount of US$8,350. During the six months ended January 31, 2025, the Company retired the loan and accrued interest in full. Shares issuable under the agreement were waived on retirement, and the holder agreed to a cash payment in the amount of US$2,000.

Interest payable included in trade and other payables and the principal outstanding in Canadian dollars as at January 31, 2025 and 2024 as follows:

	January 31, 2025 $	January 31, 2024 $
Interest payable ($) (including stock payable)	-	15,928
Loan payable ($)	-	27,615

(2) Demand Loans

During the year ended July 31, 2023, the Company entered into various loans with third parties in the accumulated amount of $55,000. The loans bear interest at 10% per annum and are due on demand.

During the fiscal year ended July 31, 2024, the Company entered into various loans with third parties in the accumulated amount of $204,175. The loans bear interest at 10% per annum and are due on demand.

During the three months ended October 31, 2024, the Company repaid loans in the principal amount of $30,000 and associated accrued interest payable of $1,948.

During the three months ended January 31, 2025, the Company entered into a loan with a third party in the amount of $5,500. The loans bear interest at 10% per annum and are due on demand.

Interest payable included in trade and other payables and the principal outstanding as of January 31, 2025 and July 31, 2024 are as follows:

	January 31, 2025 $	July 31, 2024 $
Interest payable ($)	29,073	18,956
Loan payable ($)	234,675	259,175

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

Subsequent Events

On February 3, 2025 certain Convertible Debentures in the principal amount of $2,885,000 were extended to mature on May 13, 2025.

Between February 1, 2025 and March 31, 2025, the Company repaid loans from related parties totaling $39,724.

Between February 1, 2025 and March 31, 2025, the Company paid $70,000 to related parties for services previously invoiced.

The Company applied to the applicable regulatory authorities to have a Cease Trade order revoked.

TRANSACTIONS BETWEEN RELATED PARTIES

Key Management Compensation

The following related party transactions are in addition to those disclosed elsewhere in these consolidated financial statements:

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation comprises during the three and six months ended January 31, 2025 and 2024 as below:

	Three Months Ended January 31,		**Six Months Ended January 31,**	
	2025 $	**2024 $**	**2025 $**	**2024 $**
Management fees [1]	-	30,000	-	60,000
Consulting fees [2]	-	24,000	-	48,000
Bonus[3]	36,650	-	36,650	-
Total	36,650	54,000	36,650	108,000

[1] During the three months ended January 31, 2024, the Company paid or accrued management fees of $10,000 per month for the Company's CEO. A total of $60,000 was paid or accrued for the CEO in the six months ended January 31, 2024. The Company's CEO ceased accruing management fees effective August 1, 2024.

[2] During the three and six months ended January 31, 2024, the Company paid or accrued fees of $4,000 per month, respectively, to two members of the Board of Directors for consulting fees commencing October 2021. Effective August 1, 2024, no additional fees have been incurred from board members as consulting fees.

[3] During the six months ended January 31, 2025, the Company paid bonuses totalling $36,650 to the Company's CEO and the members of the Board of Directors with the CEO receiving a bonus of $10,000, two directors receiving a bonus of $10,000 and one director receiving a bonus of $6,650. The bonus payments were made in the three months ending January 31, 2025.

As of January 31, 2025 and July 31, 2024, the following amounts were included in trade and other payables and due to related parties owing to certain directors, offices and related persons:

	January 31, 2025 $	**July 31, 2024 $**
Included in trade and other payables:		
Interest payable on loan[5]	2,641	1,532
Interest payable on convertible debenture (Notes 5 and 6(b)) [1]	794,347	710,183
Trade payables directors and officers	574,226	623,899
	1,371,214	**1,335,614**
Included in due to related parties:		
Due to CEO and director [2]	5,168	135,616
Due to entity controlled by director [3]	2,505	2,505
Loans payable to a director[4]	22,000	22,000
	70,331	**160,121**

[1] Interest accrued on the convertible debenture due to a family member of the CEO and director;
[2] Advances for working capital purposes provided by the CEO and director. These amounts are interest-free and payable on demand.
[3] TAC Gold Corp., an entity controlled by a former director of the Company, advanced $2,505 to the Company for working capital purposes. These amounts are interest-free and payable on demand.
[4] During the fiscal year ended July 31, 2024, the Company entered into loans with members of the Board of Directors in the cumulative amount of $22,000. The loans bear interest at 10% per annum and are due on demand.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of loan receivable, trade and other payables, loans payable, and due to related parties approximate their fair values of these financial instruments.

The fair value of a loan receivable approximates its carrying value, as the loan bears interest at the market rate of interest.

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and loan receivable.

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's approach to mitigating liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company has a working capital deficiency at January 31, 2025 of $4,325,268 and will be required to generate additional funding to meet its contractual financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company is exposed to interest rate price risk on the loans payable with interest rates from 10% – 15%, and on the convertible debenture with interest rate set at 12%.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received, and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars). The Company does not manage currency risk through hedging or other currency management tools.

The Company's net exposure to foreign currency risk is as follows:

	January 31, 2025 $	July 31, 2024 $
Cash	-	-
Accounts payable	10,906	48,331
Total exposure to currency risk Canadian dollar equivalent	14,443	63,607
Estimated fluctuations in FX	10%	10%
Estimated impact on Company's net loss and comprehensive loss	1,400	6,300

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

There is no change to the Company's approach to risk management during the six months ended January 31, 2025, or the fiscal year ended July 31, 2024.

OUTSTANDING SHARE DATA

Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued

There were no share issuances during the six months ended January 31, 2025 or 2024. The Company has 66,515,719 shares issued and outstanding.

Stock Options

There were no stock options issued or outstanding at January 31, 2025 and July 31, 2024. The 2013 Stock Option Plan terminated on April 9, 2023. There are currently no stock options plans in effect.

Warrants

A summary of the Company's warrants and changes for the fiscal years ended January 31, 2025 and 2024 are as follows:

	January 31, 2025		January 31, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	1,750,000	$ 0.20	1,750,000	$ 0.20
Expired	(750,000)	-	-	-
Issued	-	-	-	-
Closing balance	1,000,000	$ 0.20	1,750,000	$ 0.20

A summary of the warrants outstanding is as follows:

	July 31, 2024			July 31, 2024		
Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
January 5, 2025	-	-	-	125,000	$0.20	0.45
January 20, 2025	-	-	-	625,000	$0.20	0.48
February 21, 2025	500,000	$0.20	0.06	500,000	$0.20	0.56
March 2, 2025	500,000	$0.20	0.09	500,000	$0.20	0.59
Total	1,000,000	$0.20	0.08	1,750,000	$0.20	0.53

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

COMMITMENTS

The Company is committed to certain cash payments and share issuances with respect to its convertible debentures and loan agreements.

FUTURE ACCOUNTING STANDARDS

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures re: Classification and Measurement of Financial Instruments

The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, provide additional 21 | Acadian Timber Corp. clarity and guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain financial instruments with contractual terms that can change cash flows and update the disclosures for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. The impact to the consolidated financial statements of these amendments is being determined.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements. IFRS 18 will retain many of the existing principles in IAS 1 and will focus on updates to the statement of profit or loss. Key new concepts relate to the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. Earlier adoption is permitted. The impact to the consolidated financial statements of the adoption of this standard is being determined.

CRITICAL ACCOUNT POLICIES

Significant accounting estimates and judgments

Critical accounting judgments and estimates

Significant judgments made by management in the application of IFRS during the preparation of the consolidated financial statements and estimates with a risk of material adjustment are as follows:

(a) Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

(b) Impairment assessment

At each financial position reporting date, the carrying amounts of the Company's long-term 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

While management believes these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive loss and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis.

SIGNIFICANT CHANGES FROM PREVIOUS DISCLOSURE

N/A

BOARD OF DIRECTORS AND OFFICERS

Our Board of Directors and Officers are as follows:

Gregory Thomas – Director, Chief Executive Officer, President and Secretary
Tony Louie – Director
Drew Brass – Director
Donald McInnes – Director

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Company and all the information in this Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Management's Discussion and Analysis and has ensured that it is consistent with that in the financial statements.

The Company maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financials. The Board carries out this responsibility principally through its Audit Committee.