
ALPHA EXPLORATION LTD.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Expressed in US Dollars, except where indicated)

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee and the Board of Directors.

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

ALPHA EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US dollars)
(Unaudited)

	Note	March 31, 2024	December 31, 2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		2,442,800	3,233,573
Other receivables and prepayments		60,752	19,652
		2,503,552	3,253,225
Non-current assets			
Equipment	4	180,004	190,844
Exploration and evaluation asset	5	13,167,215	12,470,777
Total assets		15,850,771	15,914,846
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	811,729	408,102
Due to related parties	9	5,888	177,090
Warrant liability	7	118,382	19,315
		935,999	604,507
Long-term liabilities			
Warrant liability	7	1,300,834	540,960
		2,236,833	1,145,467
EQUITY			
Share capital	8	17,243,702	17,243,702
Contributed surplus	8	1,631,900	1,631,900
Deficit		(5,261,664)	(4,106,223)
		13,613,938	14,769,379
Total liabilities and equity		15,850,771	15,914,846

Nature of operations and going concern (Note 1)
Subsequent event (Note 13)

Approved and authorized for issue on behalf of the Board of Directors on May 22, 2024

/s/ Michael Hopley

Director

/s/ Chris Van Der Westhuyzen

Director

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

ALPHA EXPLORATION LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

(Expressed in US dollars)

(Unaudited)

	Note	2024	2023
		\$	\$
EXPENSES			
Professional fees	9	127,499	43,936
Salaries	9	13,671	59,513
Directors' fees	9	5,000	5,000
Office expenses		447	1,048
General and administrative expenses		102,629	75,978
Finance cost		2,237	1,364
Share-based compensation	8(d), 9	-	12,746
TOTAL EXPENSES		(251,483)	(199,585)
OTHER ITEMS			
Loss on fair value adjustment on warrant liability	7	(858,941)	(91,375)
Foreign exchange gain / (loss)		(61,853)	28,381
Interest income		16,836	-
Interest expense		-	(7,612)
LOSS AND COMPREHENSIVE LOSS		(1,155,441)	(270,191)
LOSS PER SHARE – Basic and diluted		\$ (0.01)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted			
		86,845,903	58,465,905

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

ALPHA EXPLORATION LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in US dollars, except for number of shares)

(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount			
		\$		\$	\$	\$	\$
Balance – December 31, 2022	58,465,905	3,428,344	15,286,159	8,131,601	998,758	(3,347,319)	9,211,384
Share-based compensation	-	-	-	-	26,924	-	26,924
Loss for the period	-	-	-	-	-	(270,191)	(270,191)
Balance – March 31, 2023	58,465,905	3,428,344	15,286,159	8,131,601	1,025,682	(3,617,510)	8,968,117
Shares issued for cash, net	12,737,719	6,349,962	-	-	-	-	6,349,962
Allocation of unit proceeds to warrants	-	(153,710)	-	-	-	-	(153,710)
Warrants exercised	356,120	157,010	-	-	(157,010)	-	-
Conversion of preference shares to ordinary common shares	15,286,159	7,462,096	(15,286,159)	(8,131,601)	669,505	-	-
Share-based compensation	-	-	-	-	93,723	-	93,723
Loss for the period	-	-	-	-	-	(488,713)	(488,713)
Balance – December 31, 2023	86,845,903	17,243,702	-	-	1,631,900	(4,106,223)	14,769,379
Loss for the period	-	-	-	-	-	(1,155,441)	(1,155,441)
Balance – March 31, 2024	86,845,903	17,243,702	-	-	1,631,900	(5,261,664)	13,613,938

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

ALPHA EXPLORATION LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in US dollars)
(Unaudited)

	2024	2023
	\$	\$
CASH PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Loss for the period	(1,155,441)	(270,191)
Loss on fair value adjustment on warrant liability	858,941	91,375
Share-based compensation	-	12,746
Net changes in non-cash working capital balances:		
Other receivables and prepayments	(41,100)	(13,112)
Accounts payable and accrued liabilities	304,151	2,248,211
Due to related parties	(171,202)	132,828
Cash used in operating activities	(204,651)	2,201,857
INVESTING ACTIVITIES		
Net expenditures on exploration and evaluation asset expenditures	(580,283)	(137,175)
Purchase of equipment	(5,839)	(770)
Disposal of equipment	-	2,575
Cash used in investing activities	(586,122)	(135,370)
Change in cash	(790,773)	2,066,487
Cash, beginning of period	3,233,573	100,464
Cash, end of period	2,442,800	2,166,951

Supplemental Cash Flow Information (Note 11)

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

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024**

(Expressed in US dollars, except where indicated)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Alpha Exploration Ltd. (“Alpha” on the “Company”) was incorporated under the *BVI Business Companies Act*, (No. 16 of 2004) (the “**BVI Act**”) on December 6, 2011 under the name “Alpha Exploration Ltd.” with business registration number 1684187. Alpha’s head and registered office is located at 3rd Floor, Omar Hodge Building, Wickhams Cay 1, P.O. Box 362, Road Town, Tortola, British Virgin Islands. Alpha has one subsidiary, Alpha Exploration Eritrea Limited, an Eritrean corporation incorporated on February 5, 2018 under the laws of Eritrea (“**Alpha Eritrea**”). Alpha Eritrea currently holds the rights to the Kerkasha Project (as defined below). Alpha’s main exploration property is located in Eritrea. The Company trades on the TSX Venture Exchange under the symbol “ALEX”.

The Company had a deficit of \$5,261,664 at March 31, 2024 (December 31, 2023 - \$4,106,223), and net working capital of \$1,567,553 (December 31, 2023 - \$2,648,718) which have been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing sufficient to cover its operating costs. Subsequent to March 31, 2024, the Company issued 3,814,415 units at CAD\$0.70 per unit for gross proceeds of CAD\$2,670,091 pursuant to a private placement. At March 31, 2024, CAD\$373,501 of the proceeds were received (Note 13).

As the Company does not yet have positive cash flows from operations, it must rely on debt or equity financings to fund its operations. To date the Company’s main source of funding has been the issuance of equity securities or debt, through private placements and through public offering to institutional investors.

Management has carried out an assessment of the going concern assumption and has concluded that the Company may not have sufficient cash and other financial assets to continue operating at current levels for the ensuing twelve months. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to raise additional equity.

These unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IFRS has been omitted or condensed. The unaudited

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

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condensed interim consolidated financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

The condensed interim consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements are presented in US dollars, except where otherwise indicated.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 22, 2024.

b) Basis of Consolidation

The condensed interim consolidated financial statements include the results or financial information of Alpha Exploration Ltd. and its wholly-owned Eritrean subsidiary, Alpha Exploration Eritrea Ltd ("Alpha Eritrea Ltd."). Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statement.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. There have been no material revisions to the nature of judgements and changes in estimates reported in the company's December 31, 2023 annual financial statements.

4. EQUIPMENT

	Camp equipment	Pump and generators	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, December 31, 2023	168,282	20,820	59,793	22,275	206,633	477,803
Additions	-	-	5,839	-	-	5,839
Balance, March 31, 2024	168,282	20,820	65,632	22,275	206,633	483,642

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

(Expressed in US dollars, except where indicated)

(Unaudited)

	Camp equipment	Pump and generators	Computer and office equipment	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Accumulated Depreciation						
Balance, December 31, 2023	121,412	11,922	41,776	9,956	101,893	286,959
Additions	4,904	625	1,636	557	8,957	16,679
Balance, March 31, 2024	126,316	12,547	43,412	10,513	110,850	303,638
Carrying Amounts						
Balance, December 31, 2023	46,870	8,898	18,017	12,319	104,740	190,844
Balance, March 31, 2024	41,966	8,273	22,220	11,762	95,783	180,004

5. EXPLORATION AND EVALUATION ASSET

On January 10, 2018, Alpha Eritrea entered into an exploration agreement with Minister of Energy and Mines (State of Eritrea) pursuant to the Eritrean Mining Proclamation to explore for mineral resources within a defined area (the “Kerkasha area”) other than construction material, mineral water and geothermal deposits. Alpha Eritrea paid \$nil during the three months ended March 31, 2024 in exploration license issuing fees to acquire the license, recorded as exploration and evaluation asset.

Alpha Eritrea has the exclusive right to conduct exploration operations in the agreement area and that Alpha Eritrea shall bear the sole risk and cost of exploration operations.

On December 20, 2017, Alpha signed a tenement farm-out agreement with the Eritrean National Mining Company (“ENAMCO”) governing the terms of ENAMCO’s participation in the Kerkasha Project (the “ENAMCO Agreement”). Pursuant to the ENAMCO Agreement, the Eritrean government (through ENAMCO) has the right to a 10% free-carried interest in any mining project developed on the Kerkasha Project area. The Eritrean government also has the right to purchase a further 30% equity participating interest in the Kerkasha Project at any time from commencement of exploration to three months after completion of a bankable feasibility study relating to the Kerkasha Project. To purchase this participating interest, ENAMCO must pay the equivalent percentage cost of exploration up to the point of acquiring their participating interest (as determined by an independent auditor) and will thereafter contribute the same participating interest percentage in all exploration and development expenditures on the Kerkasha Project going forward. ENAMCO and Alpha will form a share company in accordance with the Commercial Code of Eritrea after ENAMCO has exercised its right of participation.

The Alpha portion of the Kerkasha Project is subject to a 2% net smelter royalty in favour of Nubian Royalty Corporation, a corporation incorporated under the BVI Act and wholly owned by insiders of Alpha (the “Nubian Royalty”). If at any time Nubian Royalty Corporation receives an offer from a third party to purchase the Nubian Royalty or any portion thereof, Alpha has a right to match any such third party offer.

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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(Unaudited)

Exploration and evaluation expenditures for the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
	\$	\$
Opening balance	12,470,777	9,675,511
Exploration costs:		
Drilling	225,690	800,619
Assays	98,048	312,259
Surveys	-	4,000
Technical services	50,793	268,874
Exploration licenses and fees	381	17,874
Labour cost	154,050	591,910
Share-based compensation (Note 8)	-	246,519
Reversal of share-based compensation (Note 8)	-	(279,075)
Consumable spare parts and supplies	34,860	305,716
Other direct expenses	115,937	455,066
Depreciation expenses	16,679	71,504
Sub total	696,438	2,795,266
Ending balance	13,167,215	12,470,777

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	December 31, 2023
	\$	\$
Trade and other payables	503,638	396,533
Other accruals	31,718	11,569
Advance private placement proceeds received (Note 13)	276,373	-
Total	811,729	408,102

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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7. WARRANT LIABILITY

The Company's warrant liability arises as a result of the issuance of warrants exercisable in CAD dollars. As the denomination is different from the US dollar functional currency of the entity issuing the underlying shares, the Company recognizes a derivative liability for these warrants and re-measures the liability at the end of each reporting period using the Black-Scholes model. Changes in respect of the Company's warrant liability for the three months ended March 31, 2024 and the year ended December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
	\$	\$
Balance at beginning of period	560,275	425,008
Warrants issued	-	153,710
Fair value adjustment	858,941	(18,443)
Balance at end of the period	1,419,216	560,275
Less: non-current portion	(1,300,834)	(540,960)
	118,382	19,315

The re-measurements of the warrant liability at the end of each reporting period were calculated using the Black-Scholes model with the following weighed average assumptions and resulting fair values:

	March 31, 2024	December 31, 2023
Weighted average assumptions		
Risk-free interest rate	4.63%	4.47%
Expected dividend yield	0%	0%
Expected warrant life (years)	1.08	1.33
Expected stock price volatility	57.00%	63.00%
Weighted average fair value	\$0.12	\$0.05

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023**

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(Unaudited)

8. SHARE CAPITAL**a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

Escrow shares

In connection with the Company's direct listing on the TSX Venture Exchange on November 8, 2021, the Company entered into an Escrow Agreement dated October 19, 2021, whereby 43,141,615 ordinary shares and 15,286,159 preferred shares were held in escrow to be released pro-rata to the shareholders according to the following schedule:

Date of Final Exchange Bulletin	5% of the Surplus Escrow Securities
6 months after the Final Exchange Bulletin	5% of the Surplus Escrow Securities
12 months after the Final Exchange Bulletin	10% of the Surplus Escrow Securities
18 months after the Final Exchange Bulletin	10% of the Surplus Escrow Securities
24 months after the Final Exchange Bulletin	15% of the Surplus Escrow Securities
30 months after the Final Exchange Bulletin	15% of the Surplus Escrow Securities
36 months after the Final Exchange Bulletin	40% of the Surplus Escrow Securities

Further 5,121,255 value escrow securities were held in escrow, to be released pro-rata according to the following schedule:

Date of Final Exchange Bulletin	10% of the Value Escrow Securities
6 months after the Final Exchange Bulletin	15% of the Value Escrow Securities
12 months after the Final Exchange Bulletin	15% of the Value Escrow Securities
18 months after the Final Exchange Bulletin	15% of the Value Escrow Securities
24 months after the Final Exchange Bulletin	15% of the Value Escrow Securities
30 months after the Final Exchange Bulletin	15% of the Value Escrow Securities
36 months after the Final Exchange Bulletin	15% of the Value Escrow Securities

On November 14, 2023, the Company amended its Escrow Agreement dated October 19, 2021 to reflect the Company's updated share structure and conversion of preferred shares to ordinary shares.

As at March 31, 2024, there were 32,135,278 surplus escrow shares and 1,536,377 value surplus shares held in escrow.

b) Share issuance details

There were no share transactions during the three months ended March 31, 2024 and 2023.

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

(Expressed in US dollars, except where indicated)

(Unaudited)

c) Warrants and performance warrants

A summary of the Company's outstanding warrants at March 31, 2024 and December 31, 2023 and the changes for the periods then ended is presented below:

Warrants	Number of warrants	Weighted average exercise price (per share) CAD\$	Weighted average life (Years)
Outstanding, December 31, 2022	4,381,448	1.13	1.13
Issued	9,752,002	1.05	
Expired	(1,938,006)	1.24	
Outstanding, December 31, 2023	12,195,444	1.05	1.33
Outstanding, March 31, 2024	12,195,444	1.05	1.08

Performance Warrants

On May 12, 2021, the Company issued 7,000,000 Performance Warrants to the Company's Technical Director and founder, Mr. Alasdair Smith. On August 1, 2021, 5% amounted to 137,944 Performance Warrants was grossed up and deducted from the initial 7,000,000 Performance Warrants. On October 4, 2022, 5% amounted to 226,944 Performance Warrants was grossed up and deducted from the initial 7,000,000 Performance Warrants. On June 28, 2023, 5% amounted to 356,120 Performance Warrants was grossed up and deducted from the initial 7,000,000 Performance Warrants. The Performance Warrants are exercisable as follows: (i) 2,571,000 at CAD\$0.001 per warrant for a period of 10 years from the date of issue and (ii) 4,429,000 at CAD\$0.05 per warrant for a period of 10 years from the date of issue. Vesting of the Performance Warrants shall occur on each date immediately following the first day which the Company closes a Qualifying Issue, defined as any issue of new shares to the extent only that it is allocated for the purpose of either providing finance for or acquiring or raising finance to enable an acquisition of any mineral exploration or development prospect located within Eritrea or Sudan. Performance Warrants shall vest at a number that is equal to five percent (5%) of the number of Shares issued pursuant to such Qualifying issue.

On September 27, 2023, due to Mr. Alasdair Smith's resignation, his remaining 6,278,992 performance warrants were cancelled. This resulted in a reversal of \$279,075 of previously recorded share-based compensation capitalized to exploration and evaluation assets during the years ended December 31, 2021, December 31, 2022 and December 31, 2023 (Note 5).

	Number of warrants	Weighted average exercise price (per share) CAD\$	Weighted average life (Years)
Outstanding, December 31, 2022	6,635,112	0.034	8.37
Exercised – Performance Warrants	(356,120)	0.001	
Cancelled – Performance Warrants	(6,278,992)	0.04	
Outstanding, December 31, 2023	-	-	-

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

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The following table summarizes the outstanding and exercisable warrants as at March 31, 2024:

Exercise price	Number of warrants	Expiry date	Weighted average life (Years)
CAD \$1.05	2,443,442	September 13, 2024	0.45
CAD \$1.05	4,773,214	April 6, 2025	1.02
CAD \$1.05	1,993,075	May 4, 2025	1.09
CAD \$1.05	2,985,713	December 7, 2025	1.69

The fair value of Performance Warrants on the date of grant was determined using the Black-Scholes Option pricing Model and a probability weighting using the following weighted average assumptions:

	2021
Exercise price	CAD\$0.032
Share price	CAD\$0.65
Expected life	3.6 years
Expected volatility*	114%
Expected probability of occurrence of Qualifying Issue	53%
Expected forfeiture	Nil
Expected dividends	Nil

* Expected volatility is based on historic volatility of comparable public companies' share prices.

During the year ended December 31, 2021, the fair value of Performance Warrants on the date of grant was determined using the Black-Scholes Option Pricing Model with a probability weighting using the weighted average assumptions for exercise price, share price, expected term, expected volatility, expected probability of future financing, expected forfeiture, and expected dividends. For the year ended December 31, 2022, management performed an evaluation of the assumptions used in the calculations and changed some of the estimates, specifically the expected number of shares to be issued. The effect of the nature and the amount of this change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods is impracticable to estimate.

	2022
Exercise price	CAD\$0.032
Share price	CAD\$0.65
Expected life	3.4 years
Expected volatility*	158%
Expected probability of occurrence of Qualifying Issue	26%
Expected forfeiture	Nil
Expected dividends	Nil

d) Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the

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date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and are exercisable within one year of termination of employment or holding office as a director or officer of the Company and 30 days of termination of a person engaged in investor relations activities. The Board of Directors determines the vesting terms of options granted.

On May 3, 2023, the Company granted 300,000 share options to an officer with each option exercisable at CAD\$0.59 per share option for a period of five years from the date of grant.

A summary of the changes in stock options is presented below:

<i>Options</i>	Number of warrants	Weighted average exercise price (per share) CAD\$	Weighted average life (Years)
Exercisable and outstanding, December 31, 2022	750,000	0.74	3.76
Issued	300,000	0.59	
Expired	(50,000)	1.35	
Outstanding, December 31, 2023	1,000,000	0.67	3.38
Outstanding, March 31, 2024	1,000,000	0.67	3.13
Exercisable, March 31, 2024	1,000,000	0.67	3.13

The following table summarizes the outstanding and exercisable options as at March 31, 2024:

Exercise price	Number of options	Expiry date	Weighted average life (Years)
CAD\$0.64	450,000	December 6, 2026	2.68
CAD\$0.90	150,000	December 6, 2026	2.68
CAD\$0.66	100,000	March 8, 2027	2.94
CAD\$0.59	300,000	May 3, 2028	4.09

The fair value of options on the date of grant was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2023
Share price	CAD\$0.59
Risk free interest rate	2.87%
Expected life	5.00 years
Expected volatility	109%
Expected forfeiture	Nil
Expected dividends	Nil

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2024

(Expressed in US dollars, except where indicated)

(Unaudited)

There were no options granted during the three months ended March 31, 2024 and 2023.

Share-based payment expense recorded during the three months ended March 31, 2024 was \$nil (2023 - \$12,746) which was recorded in the consolidated statements of profit or loss, \$nil (2023 - \$14,178) was separately capitalized to exploration and evaluation assets. During the year ended December 31, 2023, \$279,075 was reversed for previously recorded share-based compensation capitalized to exploration and evaluation assets during the years ended December 31, 2021, December 31, 2022 and December 31, 2023 (Note 5).

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

At March 31, 2024 and December 31, 2023, the related party balances were as disclosed below:

	March 31, 2024	December 31, 2023
	\$	\$
Colonnade Mining Group Eritrea Ltd, Eritrea – common owner	(4,939)	176,360
Frontier Equipment Supplies DMCC, UAE – common owner	5,827	-
Michael Hopley - CEO	-	730
Anna Nydegger - Director	5,000	-
Total	5,888	177,090

During the three months ended March 31, 2024 and 2023, the related party transactions were as follows:

	2024	2023
	\$	\$
Colonnade Mining Group Eritrea Ltd, Eritrea – drilling services	225,690	10,100
Hemera Capital Management, Cayman – advisory fees	6,000	6,000
Frontier Equipment Supplies DMCC, UAE - purchase	5,827	49,472

ALPHA EXPLORATION LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Expressed in US dollars, except where indicated)

(Unaudited)

Compensation of key management personnel

Key management includes members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate compensation paid, or payable, to key management personnel during the three months ended March 31, 2024 and 2023 were as follows:

	2024	2023
	\$	\$
Salaries	9,237	72,408
Benefits	-	8,600
Directors' fees	5,000	5,000
Accounting fees	11,693	10,055
Advisory fees	6,000	6,000
Shared-based compensation	-	26,924
	31,930	128,987

Note: During the prior year, salaries and benefits of Mr. Alasdair Smith, which form part of salaries and benefits noted above, are capitalized to the exploration and evaluation assets in Alpha Eritrea Ltd. Accounting fees are for the current CFO. Share-based compensation for the three months ended of \$nil (2023 - \$14,178) was capitalized to exploration and evaluation assets.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments include cash and cash equivalents, other receivables, accounts payable, warrant liability and due to related parties. The carrying value of these financial instruments approximates their fair values due to the relatively short periods of maturity of these instruments, with accounts payable being due on normal commercial terms.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
	\$	\$
Level 3 - Financial Liabilities - Warrant Liability	1,419,216	560,275

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2023.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2024	March 31, 2023
	\$	\$
Non-cash transactions		
Depreciation capitalized to exploration and evaluation assets	16,679	15,981
Change in fair value of warrant liability	(858,941)	(91,375)
Share-based compensation capitalized to exploration and evaluation assets	-	14,178

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(Expressed in US dollars, except where indicated)

(Unaudited)

12. SEGMENTED INFORMATION

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's non-current assets as at March 31, 2024 and December 31, 2023 is as follows:

Identifiable non-current assets	March 31, 2024	December 31, 2023
	\$	\$
British Virgin Islands	-	-
Eritrea	13,347,219	12,661,621
Total assets	13,347,219	12,661,621

Geographic segmentation of the Company's loss for the three months ended March 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
British Virgin Islands	(1,109,264)	(240,925)
Eritrea	(46,177)	(29,266)
Net loss	(1,155,441)	(270,191)

13. SUBSEQUENT EVENT

On April 10, 2024, the Company issued 3,814,415 units at CAD\$0.70 per unit for gross proceeds of CAD\$2,670,091 pursuant to a private placement. Each unit consists of one common share and one-half of purchase warrant exercisable at CAD\$1.05 per common share for a period of 24 months.