

**Consolidated Tanager Limited**  
**Notes to Financial Statements**  
December 31, 2023  
*(Unaudited)*

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**Consolidated Tanager Limited**  
Condensed Interim Financial Statements

For the three and six months ended December 31, 2023

*(Unaudited)*  
*(Expressed in Canadian \$)*

**Consolidated Tanager Limited**

**Notes to Financial Statements**

December 31, 2023

*(Unaudited)*

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

Under National Instrument 51-102, Part 4, subsection 4.3(3)(1), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Consolidated Tanager Limited (the "Company") have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

E. Clifton  
President and Chief Executive Officer

C. F. Watson  
Secretary-Treasurer

Dated: February 26, 2024  
Toronto, Canada

## Consolidated Tanager Limited

Condensed Interim Statements of Financial Position  
(unaudited)

		As at Dec 31, 2023	As at June 30, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	(note 2)	1,936,536	2,517,856
Short term investments		1,797,782	1,933,726
Marketable securities		4,818,685	4,348,714
Accounts receivable		53,016	123,580
Income taxes receivable		84,387	104,762
Prepaid expenses		21,572	19,998
<b>Total current assets</b>		<b>8,711,978</b>	<b>9,048,636</b>
Mining properties	(note 4)	2	2
<b>Total assets</b>		<b>8,711,980</b>	<b>9,048,638</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	(note 5)	23,257	47,400
Dividends payable	(note 6)	139,974	139,974
		163,231	187,374
<b>Non-Current liabilities</b>			
Deferred tax liability		22,922	10,124
		186,153	197,498
<b>Equity</b>			
Share capital	(note 6)	484,626	507,501
Contributed surplus		339,878	339,878
Accumulated other comprehensive income		251,004	96,948
Retained earnings		7,450,319	7,906,813
<b>Total equity</b>		<b>8,525,827</b>	<b>8,851,140</b>
<b>Total liabilities and equity</b>		<b>8,711,980</b>	<b>9,048,638</b>

The notes to the unaudited condensed interim financial statements are an integral part of these statements

APPROVED ON BEHALF OF THE BOARD on February 26, 2024

(signed) "E. Clifton"

E. Clifton

(signed) "C.F. Watson"

C.F. Watson

**Consolidated Tanager Limited**

Condensed Interim Statement of Changes in Equity  
(unaudited)

	<u>Reserves</u>				Total
	Share Capital	Contributed Suplus	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	
<b>Balance, July 1, 2022</b>	507,501	339,878	171,676	9,129,759	10,148,814
Net income for the period				82,786	82,786
Fair value adjustments, net of tax			(38,214)		(38,214)
Dividends paid (note 6)				(537,235)	(537,235)
<b>Balance, December 31, 2022</b>	507,501	339,878	133,462	8,675,310	9,656,151
Dividends paid				(537,235)	(537,235)
Fair value adjustments, net of tax			(36,514)	(44,640)	(81,154)
Net income (loss) for the period				(186,622)	(186,622)
<b>Balance, June 30, 2023</b>	507,501	339,878	96,948	7,906,813	8,851,140
Net income (loss) for the period				78,961	78,961
Shares redeemed	(22,875)				(22,875)
Fair value adjustments, net of tax			154,056		154,056
Dividends paid (note 6)				(535,455)	(535,455)
<b>Balance, December 31, 2023</b>	484,626	339,878	251,004	7,450,319	8,525,827

The notes to the unaudited condensed interim financial statements are an integral part of these statements

**Consolidated Tanager Limited**

For the three month periods ended December 31

Condensed Interim Statements of Comprehensive Loss

(unaudited)

	3 mos Dec 31 2023	3 mos Dec 31 2022	6 mos Dec 31 2023	6 mos Dec 31 2022
<b>Income</b>				
Royalties earned (note 6)	-	-	-	-
Interest on property rights proceeds	-	-	-	-
Interest & dividends	85,962	121,583	211,502	194,511
<b>Total income</b>	<b>85,962</b>	<b>121,583</b>	<b>211,502</b>	<b>194,511</b>
<b>Expenses</b>				
General corporate (note 5)	25,657	32,250	73,274	66,857
Professional services	22,190	18,102	36,615	31,664
Property maintenance	12,143	12,089	29,873	26,579
<b>Total expenses</b>	<b>59,990</b>	<b>62,441</b>	<b>139,762</b>	<b>125,100</b>
<b>Net income before income taxes</b>	<b>25,972</b>	<b>59,142</b>	<b>71,740</b>	<b>69,411</b>
Income taxes:				
Deferred tax	-	14,095	(7,221)	(13,375)
Current income tax expense (note 2)	-	-	-	-
	-	14,095	(7,221)	(13,375)
<b>Net income before other comprehensive income</b>	<b>25,972</b>	<b>45,047</b>	<b>78,961</b>	<b>82,786</b>
Unrealized gain (loss) on marketable securities net of tax	305,608	124,979	174,075	(38,214)
<b>Comprehensive income for the period</b>	<b>331,580</b>	<b>170,026</b>	<b>253,036</b>	<b>44,572</b>
Basic and diluted income per share	0.062	0.032	0.047	0.008
Weighted average number of shares	5354050	5372350	5354050	5372350

The notes to the unaudited condensed interim financial statements are an integral part of these statements



## Consolidated Tanager Limited

Condensed Interim Statements of Cash Flows  
For the six month periods ended December 31  
(unaudited)

	2023	2022
<b>Cash flow from operating activities</b>		
Net income (loss) for the period	78,961	82,786
Item not affecting cash and cash equivalents		
Unrealized gain on marketable securities	(174,075)	38,214
Changes in net working capital		
Accounts receivable	70,565	(80,965)
Prepaid expenses	(1,574)	(8,953)
Deferred exploration expenses	-	(266,700)
Deferred tax liability/receivable	12,798	(13,375)
Income taxes receivable	20,375	35,631
Accounts payable and accrued liabilities	(24,143)	(9,670)
	(17,093)	(223,032)
<b>Cash flow from investing activities</b>		
Unrealized (gain) loss in marketable securities, net of tax	154,056	(38,214)
Marketable securities	(295,897)	-
Short term investments	135,944	(129,756)
	(5,897)	(167,970)
<b>Cash flow from financing activities</b>		
Redemption of shares	(22,875)	-
Payment of dividends	(535,455)	(537,235)
Net increase (decrease) in cash	(581,320)	(928,237)
Cash and cash equivalents, beginning of period	2,517,856	4,117,457
Cash and cash equivalents, end of period	1,936,536	3,189,220

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

# Consolidated Tanager Limited

## Notes to Financial Statements

December 31, 2023

(Unaudited)

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### 1. Business of the Company

Consolidated Tanager Limited (the "Company") is incorporated under the Business Corporation Act of Ontario with a registered address at Suite 331 1900 Bayview Avenue, Toronto, Ontario. The Company has transferred the rights its five coal leases in Hinton Alberta with payments being made on a quarterly basis until December 31, 2021. The Company receives a 1% royalty on coal sales proceeds arising from coal mined from the five leases. (There were no royalties received in the current quarter, as no coal was mined on the Company's land). The Company holds other resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out and in fact has retained the services of Exsics Exploration Limited to perform some exploration services in the Timmins/Cody township area.

### 2. Significant Accounting Policies

#### Statement of Compliance with International Financial Reporting Standards ("IFRS")

The Company has prepared these condensed interim financial statements in compliance with International Account Standard 34 – Interim Financial Reporting ("IAS 34").

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of significance are the estimates and assumptions used in the recognition and measurement of items included in Significant accounting judgments and estimates below.

#### Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's") that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of December 31, 2023, and June 30, 2023 the Company had \$1,936,536 and \$2,517,856 respectively of cash equivalents in the form of flexible and redeemable guaranteed investment certificates.

#### Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. The equity securities are designated as Fair Value through Other comprehensive Income and measured at fair value. Unrealized gains and



# Consolidated Tanager Limited

## Notes to Financial Statements

December 31, 2023

(Unaudited)

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losses due to period end revaluation to fair value are recorded as other comprehensive income or loss.

### Revenue recognition

Revenue consists of royalties on coal sales, dividends from marketable securities and interest income on outstanding property rights proceeds receivable and on cash and cash equivalents investments, recognized on an accrual basis as earned.

### Provisions

A provision is recognized when the Company has a present legal or constructive obligation because of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions as at December 31, 2023, and June 30, 2023.

### Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

### Income (Loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.



# Consolidated Tanager Limited

## Notes to Financial Statements

December 31, 2023

(Unaudited)

### Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments 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 reporting period. Actual outcomes could differ from these estimates.

### Segment reporting

The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

### 3. Short Term Investments

At December 31, 2023 the Company had \$1,797,782 (June 30, 2023, \$1,933,726) of short-term investments. As at December 31, 2022, the Company had short-term investments of \$2,216,856.

### 4. Marketable Securities

The following is a summary of the Company's marketable Securities:

	Market Value	# of shares	Market Value	# of Shares
	31-Dec-23		30-Jun-23	
Taranis Resources Inc.	440,000	2,200,000	297,000	2,200,000
Bank of Nova Scotia	265,095	4,110	272,411	4,110
Royal Bank of Canada	533,320	3,980	503,550	3,980
Toronto Dominion Bank	489,061	5,712	469,012	5,712
BCE Inc.	118,687	2,275	137,410	2,275
CI Financial Corp	185,750	12,500	188,000	12,500
Dream Industrial REIT	244,300	17,500	246,925	17,500
Enbridge Inc	238,500	5,000	246,200	5,000
Superior Plus Corp	240,750	25,000	237,250	25,000
Hamilton Enhanced CD	310,350	15,000	296,400	15,000
Exchange Income Corp	225,500	5,000	262,050	5,000
Manulife Financial Corp	307,440	10,500	131,460	5,250
Northwest Healthcare	51,600	10,000	62,800	10,000
Pembina Pipeline Corp	296,530	6,500	135,363	3,250
TC Energy Corp	333,852	6,450	345,333	6,450
TD Global Tech	316,200	10,000	285,800	10,000
Whitecap Resources Inc	221,750	25,000	231,750	25,000
	4,818,685		4,348,714	

### 5. Mining Properties

The Company's investments in the following properties were each written down to \$1 in a prior year.

# Consolidated Tanager Limited

## Notes to Financial Statements

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(Unaudited)

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### **Timmins Area of Ontario**

The Company owns 87 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. \$350 per ounce, on rock treated in excess of the first 50,000 tons processed.

### **Hinton Coal Property of Alberta**

The Hinton Coal property comprises 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with KC Euroholdings S.a.r.l. ("KCE") to transfer the rights of the Hinton Coal property to KCE in consideration for three scheduled cash payments and the reservation of a 1.0% of Sales Revenue royalty on all future coal sales from the property. An initial cash payment of \$2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement, and upon completion of a favourable feasibility study during in 2012, the Company received a second cash payment of \$6,000,000. The Company was entitled to receive a further payment of \$10,000,000 on or before the earlier of February 19, 2016 or on the placing of the property into commercial production at a rate of at least 90,000 tonnes per month.

Coalspur commenced mining and shipping coal in June, 2019. The Company was informed on October 31, 2021 that KCE had produced, sold, and delivered to rail its 500,000<sup>th</sup> clean tonne and this milestone event led to triggering the payment of \$10,000,000 due to the Company. The \$10,000,000 has been completely received.

Royalty payments, for production were received since 2019, however there was no production on the Company's land in the quarter ended December 31, 2023, and thus no royalties receivable.

## **6. Related Party Transactions**

The Company incurred expenses of \$10,000 for administrative services in for the six months ended December 31, 2023 (December 31, 2022 - \$9,000) to the Secretary Treasurer for services provided to the Company. These expenses are included in professional services.

In total, directors were paid \$39,000 for directors' fees in the quarter ended December 31, 2023 (December 31, 2022 - \$31,000).

The related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

## **7. Share Capital Authorized**

As of December 31, 2023, and June 30, 2023, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.



# Consolidated Tanager Limited

## Notes to Financial Statements

December 31, 2023

(Unaudited)

	Number of Common Shares	Amount
Balance, December 31, 2023	5,354,050	\$ 484,626
Balance, June 30, 2023	5,372,350	\$ 507,501

On September 20, 2023, the Company declared a special eligible dividend of \$0.10 per issued and outstanding share for a total of \$535,405. The dividend was paid on December 1, 2023 to all shareholders of record as at the close of business November 10, 2023.

On May 17, 2023 the Company declared a special eligible dividend of \$0.10 per issued and outstanding common share for a total of \$537,235. The dividend was paid June 15, 2023 to all shareholders of record as of the close of business June 1, 2023.

On September 8, 2022 the Company declared a special eligible dividend of \$0.10 per issued and outstanding common share for a total of \$537,236. The dividend was paid November 30, 2022 to all shareholders of record as of the close of business November 8, 2022.

As of December 31, 2023, the Company has received and still holds \$139,974 (2022 - \$155,334) from its transfer agent with respect to unclaimed dividends from prior dividend declarations.

### 8. Stock Options

Pursuant to the Company's stock option plan ("the Plan") the Company has reserved and set aside up to 500,000 common shares for the granting of options to directors and officers. The terms of the awards under the Plan are determined by the Board of Directors.

As of December 31, 2023, and June 30, 2023 the Company did not have any stock options outstanding.

### 9. Capital Disclosures

The Company's objectives when managing capital are to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and adjusts it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the period ended December 31, 2023.

# Consolidated Tanager Limited

## Notes to Financial Statements

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(Unaudited)

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### 10. Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks:

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents, short-term investments, royalties receivable, interest receivable on property rights, and property rights receivable. This risk is managed using a major bank which is a high credit quality financial institution as determined by rating agencies.

#### **Liquidity Risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital to meet its liquidity requirements. As of December 30, 2023, and June 30, 2023, cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company's financial liabilities.

#### **Market Risk**

*Interest rate risk* - The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalent balances. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

*Commodity price risk* - The Company is exposed to price risk with respect to commodities. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices related to coal to determine the appropriate course of action to be taken by the Company.