EV Minerals Corporation
(formerly Royal Coal Corp.)

Financial Statements
December 31, 2022 and 2021
(expressed in Canadian dollars)

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EV Minerals Corporation (formerly, Royal Coal Corp.)

Opinion

We have audited the financial statements of EV Minerals Corporation (formerly, Royal Coal Corp.) (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a loss of $5,592,633 and a cash flow deficit from operations of $323,370 during the year ended December 31, 2022 and, as of that date, the Company had a working capital deficit of $39,608,263. As stated in Note 2, these events or conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our auditor's report.

Other Matter - Comparative Information

We draw attention to Note 13 to the financial statements ("Note 13"), which explains that certain comparative information presented:

- for the year ended December 31, 2021 has been restated.

- as at January 1, 2021 has been derived from the financial statements for the year ended December 31, 2020 which have been restated (not presented herein).

Note 13 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (MD&A).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
May 1, 2023
Toronto, Ontario

EV Minerals Corporation
(formerly Royal Coal Corp.)
Statements of Financial Position
(expressed in Canadian dollars)

	Notes	2022 $	December 31, 2021 $ (Restated - see note 13)	January 1, 2021 $ (Restated - see note 13)
Assets				
Current				
Cash		89,320	20,282	59,283
Receivables		56,490	1,955	12,701
Prepaid expenses		11,587	-	-
Non-refundable default judgment payment	7	295,000	-	-
		452,397	22,237	71,984
Exploration and evaluation	5	226,023	-	-
		678,420	22,237	71,984
Liabilities				
Current				
Accounts payable and accrued liabilities		82,991	7,697	38,021
Advances payable		-	-	180,000
Due to related parties	6	141,762	32,831	141,184
Default judgment payable	7	39,835,907	33,293,579	29,853,025
		40,060,660	33,334,107	30,212,230
Shareholders' deficit				
Share capital	8	55,625,895	53,322,661	53,254,223
Contributed surplus		3,948,590	3,269,005	3,282,928
Currency translation adjustment		-	2,042,394	1,951,777
Deficit		(98,956,725)	(91,945,930)	(88,629,174)
		(39,382,240)	(33,311,870)	(30,140,246)
Total liabilities and shareholders' deficit		678,420	22,237	71,984
Going concern		2		
Subsequent events		5, 14		

Approved by the Board:

Nicholas Konkin
Director

Chris Irwin
Director

EV Minerals Corporation
(formerly Royal Coal Corp.)
Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Notes	Years ended December 31, 2022 $	2021 $ (Restated - see note 13)
Expenses			
Professional fees	12	100,143	21,357
Consulting fees	12	213,000	-
Public company costs		19,991	8,230
General and administration		793	642
Foreign exchange loss (gain)		1,063,027	(3,938)
Interest	7	4,195,679	3,526,934
		5,592,633	3,553,225
Net loss		(5,592,633)	(3,553,225)
Other comprehensive loss:			
Foreign currency transaction loss		(1,282,237)	90,617
Loss and comprehensive loss		(6,874,870)	(3,462,608)
Loss per common share-basic and diluted		(0.09)	(0.09)
Weighted average number of common shares-basic and diluted		64,243,563	37,648,576

EV Minerals Corporation
(formerly Royal Coal Corp.)
Statements of Changes in Shareholders' Deficit
(expressed in Canadian dollars)

	Share capital Common shares		Contributed surplus	Currency translation adjustment	Deficit
	Number	**$**	**$**	**$**	**$**
	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)
Balance, December 31, 2021 (Restated - see note 13)	60,497,890	53,322,661	3,269,005	2,042,394	(91,945,930)
Foreign currency adjustment	-	2,052,489	125,830	(1,282,237)	(2,178,319)
Change in accounting policy - presentation currency (note 13)	-	-	-	(760,157)	760,157
Net loss	-	-	-	-	(2,793,840)
Balance, September 1, 2022	60,497,890	55,375,150	3,394,835	-	(96,157,932)
Private placement	9,900,000	495,000	-		-
Share issue costs	-	(48,000)	-	-	-
Option payment	1,250,000	62,500	-	-	-
Non-refundable default judgment payment	5,900,000	295,000	-	-	-
Cancellation of shares	(11,075,099)	(553,755)	553,755	-	-
Net loss	-	-	-	-	(2,798,793)
Balance, December 31, 2022	66,472,791	55,625,895	3,948,590	-	(98,956,725)

	Share capital Common shares		Contributed surplus	Currency translation adjustment	Deficit
	Number	**$**	**$**	**$**	**$**
	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)	(notes 8, 13)
Balance, December 31, 2020 (Restated - see note 13)	497,892	53,254,223	3,282,928	1,951,777	(88,629,174)
Foreign currency adjustment	-	(222,546)	(13,923)	90,617	236,469
Shares for debt	59,999,998	290,984	-	-	-
Net loss	-	-	-	-	(3,553,225)
Balance, December 31, 2021 (Restated - see note 13)	60,497,890	53,322,661	3,269,005	2,042,394	(91,945,930)

EV Minerals Corporation
(formerly Royal Coal Corp.)
Statements of Cash Flows
(expressed in Canadian dollars)

	Notes	Years ended December 31, 2022 $	2021 $ (Restated - see note 13)
Cash provided by (used in) :			
Operating activities			
Loss		(5,592,633)	(3,553,225)
Item not affecting cash			
Foreign exchange loss		1,064,412	4,237
Interest not paid	5	4,195,679	3,526,934
Changes in non-cash operating working capital			
Receivables		(54,535)	10,746
Prepaid expenses		(11,587)	-
Accounts payable and accrued liabilities		75,294	(30,324)
		(323,370)	(41,632)
Financing activities			
Advances from related parties		108,931	2,631
Private placement		495,000	-
Share issue costs		(48,000)	-
		555,931	2,631
Investing activities			
Exploration and evaluation			
Acquisition costs		(77,371)	-
Exploration		(86,152)	-
		(163,523)	-
Net change in year		69,038	(39,001)
Cash, beginning of year		20,282	59,283
Cash, end of year		89,320	20,282
Non-cash transactions			
Issue of common shares for debt			
Settlement of debt		-	290,984
Cancellation of shares		553,755	-
Option payment		62,500	-
Non-refundable default judgment payment		295,000	-
Supplementary information			
Interest paid		-	-
Income taxes paid		-	-

1. Nature of operations
EV Minerals Corporation (formerly Royal Coal Corp.) (the "Company") is a public company engaged in the exploration and development of a nickel-copper-cobalt property in Québec.

The Company is incorporated under the laws of Ontario and its registered office is located at 100 King Street West, Suite 5600 PO Box 270, Toronto, Ontario, M5X 1C9.

2. Going concern
The Company is a mineral exploration company which does not generate revenue. As December 31, 2022, the Company had a working capital deficit of $39,608,263 (December 31, 2021 - $33,311,870) and for the year ended December 31, 2022, the Company incurred a loss of $5,592,633 (2021 - $3,553,225) and a cashflow deficit from operations of $323,370 (2021 - $46,231). The working capital deficit, losses and cashflow deficit from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

The continued operation of the Company is dependent upon the Company's ability to settle its outstanding liabilities including the default judgment payable and to secure equity financing to fund its operations and the acquisition, exploration and development of its mineral properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available. Subsequent to year end, the Company completed the first tranche of a private placement and the settlement of the default judgment payable. See note 14.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of presentation

Statement of compliance
The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

The financial statements were approved and authorized for issue by the Board of Directors on May 1, 2023.

Basis of measurement
These financial statements have been prepared on the historical cost basis.

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency. See note 13, *Change in functional and presentation currency*.

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a risk of resulting in a material adjustment within the next financial year are as follows:

Change in functional currency
The functional currency of the Company is the currency of the primary economic environment in which each entity operates. Determination of the change in functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Going concern
The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months.

Impairment of exploration and evaluation
Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

Shares for debt
The Company exercised judgment in determining the fair value of the debt settled with shares to be the fair value of the shares issued (see note 8).

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

4. Significant accounting policies

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

Foreign currency translation
Effective September 1, 2022, the functional and presentation currency of the Company is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the Company and its subsidiary operates. Primary and secondary indicators are used to determine the functional currency (primary indicators have priority over secondary indicators).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in effect at the transaction date. Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized as a foreign exchange gain (loss) in the consolidated statement of loss and comprehensive loss. Non-monetary items, which are measured using historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction.

Financial instruments
Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets includes cash and receivables which are classified at amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities including accounts payable and accrued liabilities, advances payable, due to related parties and default judgment payable are initially measured at fair value and subsequent classified as amortized cost.

Exploration and evaluation

Recognition and measurement
Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs, excluding acquisition costs, are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Refundable mining tax credits earned in respect of costs incurred in Québec are recorded as a reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company’s ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review the technical feasibility and commercial viability of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment. As at December 31, 2022 and December 31, 2021, the Company had no property, plant and equipment.

Impairment
An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use (“VIU”) and its fair value less costs of disposal (“FVLCTS”). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Decommissioning liabilities
The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. At December 31, 2022 and December 31, 2021, the Company had no decommissioning liabilities.

Share capital
Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. In situations where the Company issues units, the value of the warrants is included as a separate reserve of the Company's equity. The value of the warrants is calculated using the Black-Scholes option pricing model with the residual being allocated to shares. When warrants expire, the value of the warrants is transferred to contributed surplus.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. No provisions were recorded as at December 31, 2022 and December 31, 2021.

Income tax
Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(expressed in Canadian dollars)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5. Exploration and evaluation

	December 31, 2021 $	Acquisition costs $	Exploration $	December 31, 2022 $
Property				
Poissons Blanc	–	139,871	86,152	226,023

On September 26, 2022, the Company was granted an option to acquire a 100% interest in Poissons Blanc, a nickel-copper-cobalt property comprised of 32 mineral claims covering approximately 1,797 hectares in the Saguenay Mining district in the Province of Québec.

In order to complete the acquisition of Poissons Blanc, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments		Common shares		Exploration expenditures
	US$	C$	Number	Fair value C$	US$
July 29, 2022 (paid and issued)	12,600	58,000	1,250,000	62,500	–
April 15, 2023	25,000	50,000	1,250,000	–	400,000
April 15, 2024	25,000	50,000	1,250,000	–	400,000
April 15, 2025	500,000	500,000 (note)	1,250,000	–	400,000
	562,600	658,000	5,000,000	62,500	1,200,000

Note: The Company has the option to pay the $500,000 by issuing common shares based on the 20-day weighted average trading price per common share.

With respect to the obligations under the Option that were due on April 15, 2023, the Company issued 1,250,000 common shares and the optionee agreed to defer the payment of the option payments of US$25,000 and $50,000 and the exploration expenditures of US$400,000 until the Company completes a private placement.

Upon completion of the Option, the Company will grant a 5% net smelter royalty (“NSR”). The Company will have the option to reduce the NSR to 2.5% by making a payment of $2,000,000 within 3 years from the date of issuance of the NSR.

6. Due to related parties

The amounts due to related parties are unsecured, non-interest bearing and due on demand:

	As at December 31 2022 $	2021 (Restated) $
Companies controlled by directors and officers	141,762	32,831

See note 8, *Shares for debt*.

(expressed in Canadian dollars)

7. Default judgment payable

	$
Balance, December 31, 2020 (Restated)	29,853,025
Interest	3,526,934
Foreign exchange adjustment to December 31, 2021	(86,380)
Balance, December 31, 2021 (Restated)	33,293,579
Foreign exchange adjustment to September 1, 2022	1,283,622
Interest	4,195,679
Foreign exchange loss	1,063,027
Balance, December 31, 2022	39,835,907

On July 13, 2012, a default judgment of $10,266,882, plus pre-judgment interest from May 3, 2012 and post-judgment interest from July 13, 2012 at the statutory interest rate of 12% per annum, was entered against the Company by a Kentucky court for amounts payable pursuant to a coal production payment agreement, coal purchase agreement and royalty agreement related to the Company's former coal mining operations ("Coal Assets"). Pursuant to the default judgment, the plaintiff was entitled to possession of the Coal Assets to sell to satisfy the default judgment. On October 26, 2012 and in accordance with the default judgment, proceeds of $1,500,000 from the sale of Coal Assets was credited to the default judgment payable.

On September 26, 2022, the Company entered into a settlement agreement ("Settlement Agreement") to settle the default judgment payable. In exchange for release of the default judgment payable ("Release"), the Company agreed to issue of 7,004,485 common shares, with 5,900,000 common shares with a fair value of $295,000 based on common share price of $0.05 for the private placement completed on September 15, 2022 (recorded as non-refundable default judgment payment on the consolidated statement of financial position) issued on execution of the Settlement Agreement and 1,104,485 common shares to be issued upon completion of a financing. The Release shall only be effective and binding upon delivery of the total 7,004,485 common shares.

See note 14, *Subsequent events, Issue of common shares to settle default judgment payable*.

8. Share capital

Authorized
An unlimited number of special shares issuable in series
An unlimited number of common shares.

Issued

	Number of common shares	$
Balance, December 31, 2020 (Restated)	497,892	53,254,223
Shares for debt	59,999,998	290,984
Foreign exchange adjustment to December 31, 2021	–	(222,546)
Balance, December 31, 2021 (Restated)	60,497,890	53,322,661
Foreign exchange adjustment to September 1, 2022	–	2,052,489
Private placement of common shares	9,900,000	495,000
Share issue costs	–	(48,000)
Option payment (note 5)	1,250,000	62,500
Settlement of default judgment payable (note 7)	5,900,000	295,000
Cancellation of shares	(11,075,099)	(553,755)
Balance, December 31, 2022	66,472,791	55,625,895

Shares for debt
When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognized initially, an entity shall measure them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured. Accordingly, the Company has determined the fair value of the shares on the debt of settlement was $0.005. No gain or loss was recognized.

On May 6, 2021, the Company amended debt settlement agreements dated October 20, 2020 and on May 19, 2021, issued 59,999,998 common shares at a price of $0.005 per common share to settle advances payable of $141,376 and due to related parties of $90,761.

Private placement of common shares
On September 15, 2022, the Company completed a private placement of 9,900,000 common shares at a price of $0.05 per common share for gross proceeds of $495,000. In connection with the private placement, the Company incurred share issuance costs of $48,000.

See note 14, *Subsequent events, Private placement*.

Cancellation of common shares
On November 18, 2022, certain shareholders agreed to return 11,075,099 common shares with a fair value of $0.05 per common share to treasury. The fair value of $553,755 was transferred from common shares to contributed surplus.

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Receivables, accounts payable and accrued liabilities, due to related parties and default judgment payable
The fair value of receivables, accounts payable and accrued liabilities, due to related parties and default judgment payable approximates their carrying values due to the short term to maturity.
Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:
Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data.

The Company classified the fair value of the debt settled with shares as level 3.

10. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's cash and receivables. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to settle its outstanding liabilities including the default judgment payable and secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. See note 2.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Foreign exchange risk
Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The Company is exposed to foreign currency fluctuations in US dollars. Such exposure arises primarily from exploration option payments that are denominated in US dollars. The default judgment payable is denominated in US dollars. The Company estimates that if the exchange rate between United States dollars and Canadian dollars as at December 31, 2022 had changed by 1%, with all other variables held constant, the foreign exchange gain (loss) would have decreased or increased by $398,359.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At December 31, 2022, the Company's exposure to the risk of changes in market interest rates relates to post-judgment interest on the default judgment payable. Because of the post-judgment interest rate is fixed at 12%, fluctuations in market rates do not have a significant impact on estimated fair values at December 31, 2022.

Capital management
Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire a business for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is inactive and has no revenues, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

11. Income taxes
The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2021 - 26.5%) to the net loss for the year. The reasons for the difference are as follows:

(expressed in Canadian dollars)

Provision for income taxes

	2022 $	2021 $
Expected income tax recovery based on statutory rate	(1,482,050)	(941,610)
Share issue costs and other	(5,590)	–
Capital assets	(30,730)	–
Change in deferred income tax assets not recognized	1,518,370	941,610
Deferred income tax recovery	–	–

Deferred income tax balances
The Company's deferred income tax assets are as follows:

	2022 $	2021 $
Non-capital loss carryforward	25,200,050	24,004,289
Share issue costs	10,176	–
Capital assets	30,730	–
Unrealized foreign exchange losses	281,702	–
Benefit of deferred income tax assets not recorded	(25,522,658)	(24,004,289)
	–	–

Due to losses incurred in the current year and expected future operating results, management determined that it is unlikely that the deferred income tax assets will be realized. Accordingly, the deferred income tax assets have not been recorded.

Losses carried forward
At December 31, 2022, the Company had non-capital loss carryforwards which expire as follows:

	$
2030	793,000
2031	1,588,000
2032	509,000
2033	31,883,000
2034	11,000
2035	10,000
2036	53,000
2037	19,000
2038	17,000
2039	49,407,000
2040	2,741,000
2041	3,526,000
2042	4,539,000
	95,096,000

12. Related party transactions

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended December 31, 2022 $	2021 $
Consulting fees		
Companies controlled by directors and officers	130,500	–
Professional fees/share issue costs		
A law firm with a partner who is a director	60,680	11,987

Amounts due to related parties are disclosed in note 6.

13. Change in functional and presentation currency

Considering that the Company completed a Canadian dollar private placement and acquired an option to acquire a Canadian mineral property and future financings and expenditure will be denominated in Canadian dollars, effective September 1, 2022, the Company changed its functional currency from US dollars to Canadian dollars. The effect of the change in functional currency is accounted for prospectively. On September 1, 2022, the statement of financial position was translated from US dollars into Canadian dollars at the exchange rate on September 1, 2022.

Effective September 1, 2022, the Company changed its presentation currency from the US dollar to the Canadian dollar. The change in presentation currency is to better reflect the Company's business activities. This change has been applied retrospectively as if the new presentation currency had always been the Company's presentation currency.

For comparative purposes, the statements of financial position as at December 31, 2021 and December 31, 2020 include adjustments to reflect the change in presentation currency from US dollars to Canadian dollars. The amounts previously reported in US dollars have been translated into Canadian dollars using exchange rate of $1.2678 at December 31, 2021 and $1.2732 at December 31, 2020. The effect of the translation is as follows:

	As at December 31, 2021		As at December 31, 2020	
	As reported US$	Translated C$	As reported US$	Translated C$
Assets				
Current				
Cash	15,998	20,282	46,562	59,283
Receivables	1,542	1,955	9,976	12,701
	17,540	22,237	56,538	71,984
Liabilities				
Current				
Accounts payable and accrued liabilities	6,072	7,697	29,863	38,021
Advances payable			141,376	180,000
Due to related parties	25,896	32,831	110,889	141,184
Default judgment payable	26,260,908	33,293,579	23,447,239	29,853,025
	26,292,876	33,334,107	23,729,367	30,212,230
Shareholders' deficit				
Share capital	42,059,205	53,322,661	41,827,068	53,254,223
Contributed surplus	2,578,486	3,269,005	2,578,486	3,282,928
Currency translation adjustment	–	2,042,394	–	1,951,777
Deficit	(70,913,027)	(91,945,930)	(68,078,383)	(88,629,174)
	(26,275,336)	(33,311,870)	(23,672,829)	(30,140,246)
	17,540	22,237	56,538	71,984

For comparative purposes, the statements of loss and comprehensive loss for the year ended December 31, 2021 include adjustments to reflect the change in presentation currency from US dollars to Canadian dollars. The amounts previously reported in US dollars have been translated into Canadian dollars at the average annual exchange rate of $1.2535 for the year ended December 31, 2021. The effect of the translation is as follows:

	Year ended December 31, 2021	
	As reported US$	Translated C$
Expenses		
Professional fees	17,038	21,357
Public company costs	6,567	8,230
General and administration	512	642
Foreign exchange gain	(3,142)	(3,938)
Interest	2,813,669	3,526,934
	2,834,644	3,553,225
Loss and comprehensive loss	(2,834,644)	(3,553,225)

14. Subsequent events

Private placement
On March 14, 2023, the Company announced its intention to complete a private placement of up to 10,000,000 common shares at a price of $0.10 per common share for gross proceeds of up to $1,000,000 and the closing of the first tranche of 5,400,000 common shares for gross proceeds of $540,000. In connection with the first tranche, the Company paid a cash commission of $20,800 and issued 208,000 warrants entitling the holder to purchase one common share for $0.10 until March 14, 2025.

Issue of common shares to settle default judgment payable
On March 14, 2023, pursuant to the Settlement Agreement, the Company issued 1,104,485 common shares to settle the default judgment payable.