MONTEGO RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Montego Resources Inc.

Opinion

We have audited the accompanying financial statements of Montego Resources Inc. (the "Company") which comprise the statements of financial position as at June 30, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 audits of the financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed on this other information, 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 as issued by the International Accounting Standards Board, 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.

Auditors’ 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 auditors’ 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 auditors’ 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 auditors’ 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.

The engagement partner on the audit resulting in this independent auditors’ report is Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 28, 2022

MONTEGO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2022 AND 2021
EXPRESSED IN CANADIAN DOLLARS

	Note	**2022**	**2021**
		$	$
ASSETS			
CURRENT			
Cash		18,149	25,617
Amounts receivable		725	525
Prepaid expenses		6,650	11,551
Investment	5	1,215	68,571
		26,739	106,264
NON-CURRENT			
Equipment		2,160	2,651
		28,899	108,915
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	712,377	552,968
Loans payable	6	627,397	539,888
		1,339,774	1,092,856
SHAREHOLDERS' DEFICIENCY			
Share capital	7	8,743,328	8,743,328
Subscription receivable		-	(50,000)
Contributed surplus		907,885	907,885
Deficit		(10,962,088)	(10,585,154)
		(1,310,875)	(983,941)
		28,899	108,915

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 12)
SUBSEQUENT EVENT (Note 13)

Approved and authorized for issue on behalf of the Board on October 28, 2022.

/s/ David Greenway	Director	*/s/ Dave Jenkins*	Director
David Greenway		**Dave Jenkins**	

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

MONTEGO RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30, 2022 and 2021
EXPRESSED IN CANADIAN DOLLARS

	Note		**2022**		**2021**
ADMINISTRATION EXPENSES					
Consulting fees	8	$	3,150	$	2,788
Depreciation			491		603
Interest expense	6		52,509		39,262
Management fees			63,000		74,250
Office and miscellaneous			2,738		21,613
Professional fees			57,703		44,019
Rent			63,000		69,000
Transfer agent and filing fees			17,013		21,066
Travel and promotion			-		439
LOSS BEFORE OTHER ITEMS			(259,604)		(273,040)
OTHER ITEMS					
Gain on settlement of convertible debentures			-		14,904
Foreign exchange gain			26		229
Unrealized gain (loss) on investment	5		(67,356)		38,571
Write-off of subscription receivable			(50,000)		-
NET LOSS AND COMPREHENSIVE LOSS			(376,934)		(219,336)
LOSS PER SHARE - basic and diluted		$	(0.01)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			45,498,236		45,335,825

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

MONTEGO RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
EXPRESSED IN CANADIAN DOLLARS

	Common Shares						
	Number of Shares	**Amount**	**Contributed Surplus**	**Subscription Receivable**	**Equity Component of Convertible Debentures**	**Deficit**	**Total**
		$	$	$	$	$	$
Balance, June 30, 2020	**45,324,903**	**8,738,995**	**907,885**	**(50,000)**	**60,870**	**(10,426,688)**	**(768,938)**
Shares issued for exploration and evaluation assets (Notes 4 and 7)	173,333	4,333	-	-	-	-	4,333
Settlement of convertible debentures	-	-	-	-	(60,870)	60,870	-
Net loss for the year	-	-	-	-	-	(219,336)	(219,336)
Balance, June 30, 2021	**45,498,236**	**8,743,328**	**907,885**	**(50,000)**	**-**	**(10,585,154)**	**(983,941)**
Write-off of subscription receivable	-	-	-	50,000	-	-	50,000
Net loss for the year	-	-	-	-	-	(376,934)	(376,934)
Balance, June 30, 2022	**45,498,236**	**8,743,328**	**907,885**	**-**	**-**	**(10,962,088)**	**(1,310,875)**

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

MONTEGO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 and 2021
EXPRESSED IN CANADIAN DOLLARS

	2022	**2021**
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(376,934)	(219,336)
Items not involving cash:		
Accrued interest and accretion	52,509	43,543
Gain on settlement of convertible debentures	-	(14,904)
Depreciation	491	603
Interest income	-	(4,282)
Shares issued for exploration and evaluation assets	-	4,333
Foreign exchange gain	(26)	(229)
Unrealized loss (gain) on investment	67,356	(38,571)
Write-off of subscription receivable	50,000	-
	(206,604)	(228,843)
Changes in non-cash working capital balances:		
Amounts receivable	(200)	27,313
Prepaid expenses	4,901	3,000
Accounts payable and accrued liabilities	159,435	53,257
Cash used in operating activities	(42,468)	(145,273)
FINANCING ACTIVITY		
Proceeds from loans payable	35,000	25,000
Cash provided by financing activity	35,000	25,000
DECREASE IN CASH	(7,468)	(120,273)
CASH, BEGINNING OF YEAR	25,617	145,890
CASH, END OF YEAR	18,149	25,617
NON-CASH TRANSACTIONS		
Shares issued for exploration and evaluation assets	-	4,333

The Company did not pay any interest or income taxes in cash during the years ended June 30, 2022 and 2021.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Montego Resources Inc. (“the Company”) was incorporated on July 20, 2012 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 400-837 West Hastings, Vancouver, British Columbia, Canada, V6C 3N6. On July 8, 2020, the Company’s symbol changed from MY to MY.X. The .X extension is added to listed securities of issuers that the Canadian Securities Exchange has deemed to be inactive.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As of June 30, 2022, the Company had $Nil exploration and evaluation assets (2021 - $Nil). The Company had a net loss of $376,934 for the year ended June 30, 2022 (2021 - $219,336) and, as of that date, the Company had an accumulated deficit of $10,962,088 (2021 - $10,585,154) which has been funded mainly 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 and generating revenues sufficient to cover its administration costs.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in raising capital which may negatively impact the Company’s business and financial condition. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These 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 financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 28, 2022.

b) Basis of presentation

These financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing on the statement of financial position date are recognized in the statement of loss and comprehensive loss.

f) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Decommissioning, restoration and similar liabilities (continued)

in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Income taxes

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 includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby 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 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 statement of financial position date. Deferred tax is not recognized for temporary differences which arise 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	**IFRS 9 Classification**
Cash	FVTPL
Investment	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of loss in the period in which they arise.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss. The Company has not designated any financial assets at FVTOCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

<u>Financial assets</u>

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

<u>Financial liabilities</u>

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss.

j) Share-based payments

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates, and the dividend yield of the Company's common shares.

k) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Leases (continued)

assets are treated as operating leases, with rent expense recognized in general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, *Impairment of Assets* and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the year ended June 30, 2022, the Company recognized $63,000 in rent expense for contracts exempted under the IFRS 16 provisions due to lease terms of less than 12 months.

l) Changes in accounting policies

New Accounting Standards Issued but Not Yet Effective

New standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. decommissioning liabilities relating to the Company's mineral property;

iii. the measurement of deferred income tax assets and liabilities;

iv. the inputs used in accounting for share-based payments in profit or loss; and

v. discount rate used to determine the fair value of the liability component of convertible debentures.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company's ability to continue as a going concern.

4. EXPLORATION AND EVALUATION ASSETS

Orogrande Gold Project

The Company signed a mineral property acquisition agreement dated September 13, 2018 with Altiplano Metals Inc. ("Altiplano") to acquire a series of mining claims located in Idaho County in the state of Idaho and commonly referred to as the Orogrande Gold Project. The claims are subject to 1.5% NSR on commercial production pursuant to a royal agreement with the previous owner dated November 24, 2016. The consideration is the sum of US$150,000 which shall be satisfied by a one-time cash payment of US$50,000 and the issuance of 520,000 common shares.

The Company paid the one-time cash payment of $64,875 (US$50,000) during the year ended June 30, 2019 and issued 173,333 common shares with a fair value of $8,667 during the year ended June 30, 2020. The Company issued 173,333 common shares with a fair value of $4,333 during the year ended June 30, 2021 (Note 7).

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of $64,875. During the year ended June 30, 2020, the Company recorded an additional impairment loss of $8,667.

(Expressed in Canadian dollars)

5. INVESTMENT

Continuity for the years ended June 30, 2022 and 2021 is as follows:

Common shares of Cache Exploration Inc.	**Number of Shares**	**Cost**	**Fair value**
		$	$
Balance, June 30, 2020	428,571	210,000	30,000
Unrealized gain on changes in fair value	-	-	38,571
Balance, June 30, 2021	428,571	210,000	68,571
Unrealized loss on changes in fair value	-	-	(67,356)
Balance, June 30, 2022	428,571	210,000	1,215

On February 28, 2017, the Company entered into an option agreement with Cache Exploration Inc. (“Cache”) whereby Cache can earn a 100% interest in the Kiyuk Lake Property. To earn the 100% interest, Cache would pay the Company an aggregate amount of $500,000, of which $200,000 was paid in cash. Cache made the remaining payment of $300,000 by issuing 428,571 common shares with a fair value of $210,000 to the Company during the year ended June 30, 2018.

During the year ended June 30, 2022, the market value of the investment decreased and an unrealized loss of $67,356 (2021 - gain of $38,571) was recognized in profit and loss.

6. LOANS PAYABLE

On November 21, 2019, the Company entered into two separate loan agreements with arm’s length parties for $180,000 each, resulting in an aggregate amount of $360,000. Both loans bear interest at 12% per annum. The principal amount and any accrued interest are due on the demand of the lenders. The loans are unsecured.

On February 17, 2021, the Company entered into a loan agreement with an arm’s length party for $10,000. An additional loan of $5,000 was received by the Company on March 30, 2021, $10,000 on June 30, 2021, $25,000 on September 10, 2021, and $3,000 on October 27, 2021, resulting in an aggregate amount of $53,000. These loans bear interest at 7% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loans are unsecured.

On February 16, 2022, the Company entered into a loan agreement with an arm’s length party for $5,000. The loan bears interest at 7% per annum. The principal amount and any accrued interest are due within 12 months from the date of the agreement. The loans are unsecured.

On June 2, 2022, the Company entered into two loan agreements, $1,000 each, with arm’s length parties for a total of $2,000. The loans bear interest at 7% per annum. The principal amounts and any accrued interests are due within 12 months from the date of the agreement. The loans are unsecured.

During the year ended June 30, 2021, an outstanding convertible debenture balance of $85,188 was reclassified to loans payable as the conversion option for the debentures has expired. The loans bear interest at 8% per annum. The outstanding amounts are due on the demand of the lenders. The loans are unsecured. As of June 30, 2022, the balance including interest of $91,063 remains outstanding.

During the year ended June 30, 2022, the Company recorded interest expense of $52,509 (2021 - $43,543) on these loans. As of June 30, 2022, the balance outstanding including accrued interest was $627,397 (2021 - $539,888).

(Expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized:

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

There were no shares issued during the year ended June 30, 2022.

On June 7, 2021, the Company issued 173,333 common shares with a fair value of $4,333 pursuant to the option agreement for the Orogrande Gold Project (Note 4).

b) Share options:

There were no stock options outstanding as at June 30, 2022 and 2021.

c) Share purchase warrants:

There were no share purchase warrants outstanding as at June 30, 2022 and 2021.

8. 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.

Key management compensation

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include current and former officers and the directors of the Company. The remuneration of key management is as follows:

Years ended June 30,	**2022**	**2021**
	$	$
Management fees	-	2,000
Consulting fees	3,150	2,788
	3,150	4,788

Management and consulting services were provided by companies owned by officers and directors of the Company.

Other transactions and balances

a) On January 22, 2020, the Company proceeded with legal action against two former directors for breaches of fiduciary duty, and failure to exercise reasonable care, skill and diligence that jeopardized the Company's interest in the Black Dog Gold Project in Northern Quebec and its interest in the Taylor Silver Property in Nevada, which has affected shareholder value of the Company. On January 29, 2020, the court granted default judgement on one of the former directors against whom the Company will be seeking damages for the losses suffered. The Company is currently in advanced settlement discussions with the other former director.

(Expressed in Canadian dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Other transactions and balances (continued)

b) As at June 30, 2022, the Company has $1,575 (2021 - $263) due to related parties as result of related party transactions incurred throughout the period, which was included in accounts payable and accrued liabilities. The amounts are due to directors and companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

9. INCOME TAXES

The Company has losses forward of approximately $8,291,000 available to reduce income taxes in future years which expire between 2033 and 2042.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it its probable that sufficient taxable income will be realized during the carry forward periods to utilize deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2022	**2021**
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	102,000	59,000
Effect on income taxes of:		
Permanent differences and other	(22,000)	3,500
Change in deferred tax assets not recognized	(80,000)	(62,500)
Deferred income tax recoverable	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2022	**2021**
	$	$
Non-capital loss carry-forwards	2,239,000	2,168,000
Capital assets and other	29,000	20,000
Mineral properties	732,000	732,000
Deferred tax assets not recognized	(3,000,000)	(2,920,000)
	-	-

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

(Expressed in Canadian dollars)

10. MANAGEMENT OF CAPITAL (continued)

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

a) Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	**June 30, 2022**	**June 30, 2021**
		$	$
Cash	FVTPL	18,149	25,617
Investment	FVTPL	1,215	68,571
Accounts payable	Amortized cost	712,377	552,968
Loans payable	Amortized cost	627,397	539,888

b) Fair value of financial instruments

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and investment are carried at fair value on a recurring basis using Level 1 inputs. The fair value of the Company's accounts payable and loans payable approximates their carrying value as of June 30, 2022 because of the demand nature or short-term maturity of these instruments.

c) Financial risk management objectives and policies

The Company's financial instruments include cash, investment, accounts payable and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Financial risk management objectives and policies (continued)

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and there is no current exposure to exchange rate fluctuations. The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. All of the Company's liabilities are due within 12 months of the date on the statements of financial position.

12. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

(Expressed in Canadian dollars)

13. SUBSEQUENT EVENT

On October 6, 2022, the Company signed a purchase and sale agreement with Caprock Ventures Corp. ("Caprock") to acquire a 100% interest in and to the Black Dog gold project located in Northern Quebec. The 1,400-hectare Black Dog project consists of a block of 27 mineral claims approximately 60 kilometres north of Nemiscau, Que., in an immediate area that has seen prospective exploration activity in recent years.

In consideration for the acquisition of the Black Dog project, over the course of four years, the Company will be required to complete a series of cash payments totalling $300,000 (of which $75,000 is due upon closing), and issue an aggregate total of 50,000,000 common shares as shown below:

Due date	Common shares	Cash payments
Signing of purchase and sale agreement	5,000,000	$75,000
First-year anniversary of signing	10,000,000	$75,000
Second-year anniversary of signing	15,000,000	$75,000
Third-year anniversary of signing	20,000,000	$75,000

Upon completion of the payments, share issuances and expenditures, the Company will hold a 100% interest in the Black Dog project, subject to a 2% net smelter return royalty in favour of Caprock.