GEOLOGICA RESOURCE CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)

GEOLOGICA RESOURCE CORP.

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Geologica Resource Corp.

Opinion

I have audited the financial statements of Geological Resource 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, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my 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 flow for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $403,060 during the year ended December 31, 2022 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $2,712,009 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact. I 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 IFRS, 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
My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Chartered Professional Accountant

Burnaby, BC, Canada
May 1, 2023

GEOLOGICA RESOURCE CORP.
Statements of Financial Position

		As at December 31, 2022		As at December 31, 2021
ASSETS				
Current				
Cash	$	47,594	$	73,019
Advances		7,029		6,717
GST receivable		23,716		5,672
Prepaid expenses		235,746		37,000
Due from related parties (Note 8)		41,292		-
Subscriptions receivable (Note 9)		175,000		-
		530,377		122,408
Non-Current				
Exploration and evaluation assets (Note 5)		157,146		69,976
		687,523		192,384
LIABILITIES				
Current				
Accounts payable and accrued liabilities		96,387		83,425
Loans payable (Note 6)		121,420		44,438
Due to related parties (Note 8)		114,077		84,765
		331,884		212,628
Non-Current				
Loans payable (Note 6)		-		65,367
		331,884		277,995
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 9)		2,468,495		1,696,489
Contributed surplus (Note 9)		586,581		514,277
Equity component of convertible debt (Note 7)		12,572		12,572
Deficit		(2,712,009)		(2,308,949)
Total shareholders' equity (deficiency)		355,639		(85,611)
	$	687,523	$	192,384

Nature and continuance of operations (Note 1)
Commitments (Note 14)
Subsequent events (Note 15)

Approved by the directors:

"Doug Unwin" *"Rob Charlton"*

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

GEOLOGICA RESOURCE CORP.

Statements of Loss and Comprehensive Loss

		Year ended December 31, 2022		Year ended December 31, 2021
Expenses:				
Accounting and audit fees (Note 8)	$	46,000	$	25,000
Consulting fees (Note 8)		122,416		13,000
Exploration costs		500		-
Finance fees (Note 6)		4,763		16,160
Foreign exchange loss		224		-
Interest and bank charges (Note 6, Note 7)		11,158		15,755
Legal fees		18,971		62,211
Management fees (Note 8)		60,000		57,500
Marketing and investor relations		39,302		2,500
Office and administration		10,231		8,849
Share-based compensation (Note 9)		54,134		-
Transfer agent and filing fees		38,465		31,157
Travel		644		-
Total expenses		(406,808)		(232,132)
Interest income (Note 8)		298		-
Gain on debt settlement (Note 6, Note 9)		3,450		-
Loss on repayment of convertible debt (Note 7)		-		(6,540)
Write-off of GST receivable		-		(7,054)
Net loss and comprehensive loss for the year		(403,060)		(245,726)
Loss per share – Basic and diluted*	$	(0.03)	$	(0.02)
Weighted average number of common shares outstanding*		13,715,569		9,847,679

***Post 1:2.5 share consolidation (Note 9)**

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

GEOLOGICA RESOURCE CORP.
Statements of Cash Flows

	Year ended December 31, 2022	Year ended December 31, 2021
Operating Activities		
Net loss for the year	$ (403,060)	$ (245,726)
Items not involving cash:		
Accrued interest and other financing costs	13,944	13,110
Interest on long-term debt paid in shares	-	900
Finance fee	-	16,160
Loss on repayment of convertible debt	-	6,540
Gain on debt settlement	(3,450)	-
Share-based compensation	54,135	-
Accrued interest due from related parties	(292)	-
Write-off of GST receivable	-	7,054
	(338,723)	(201,962)
Changes in non-cash working capital item related to operations:		
Advances	(312)	(1,306)
GST receivable	(18,044)	(4,206)
Prepaid expenses	(198,746)	(31,576)
Accounts payable and accrued liabilities	22,841	39,119
Cash used in operating activities	(532,984)	(199,931)
Investing Activities		
Investment in exploration and evaluation assets	(41,263)	(20,298)
Cash used in investing activities	(41,263)	(20,298)
Financing Activities		
Proceeds from issuance of common shares	763,000	198,630
Share issuance costs	(201,161)	(20,000)
Receipt of loans payable	10,000	30,000
Payment of loans payable	(11,329)	(28,400)
Issuance of convertible notes	-	130,000
Payment of convertible notes	-	(71,584)
Change in due to related parties	29,312	30,601
Issuance of loan due from related parties	(41,000)	-
Cash provided by financing activities	548,822	269,247
Increase (decrease) in cash during the year	(25,425)	49,018
Cash, beginning of the year	73,019	24,001
Cash, end of the year	$ 47,594	$ 73,019

Supplemental cash flow information (Note 13)

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

GEOLOGICA RESOURCE CORP.

Statements of Changes in Shareholders' Equity (Deficiency)

	Number of Shares*	Share Capital $	Subscriptions Received $	Contributed Surplus $	Equity component of convertible debt $	Deficit $	Total $
Balance, December 31, 2020	5,111,752	1,296,597	10,000	492,328	12,572	(2,063,223)	(251,726)
Shares issued for cash	1,986,300	178,460	-	20,171	-	-	198,631
Shares issued for debt settlement	205,000	20,500	(10,000)	-	-	-	10,500
Share issuance costs	-	(20,000)	-	-	-	-	(20,000)
Broker warrants	-	(1,778)	-	1,778	-	-	-
Conversion of convertible debt (Note 7)	4,674,000	197,650	-	-	-	-	197,650
Bonus shares issued on convertible debt (Note 7)	323,200	16,160	-	-	-	-	16,160
Shares issued for exploration and evaluation assets (Note 5)	50,000	5,000	-	-	-	-	5,000
Finance fees on loans payable (Note 6)	30,000	3,000	-	-	-	-	3,000
Interest on loans payable paid in shares (Note 6)	9,000	900	-	-	-	-	900
Loss for the year	-	-	-	-	-	(245,726)	(245,726)
Balance, December 31, 2021	12,389,252	1,696,489	-	514,277	12,572	(2,308,949)	(85,611)
Initial public offering (Note 4)	6,830,000	683,000	-	-	-	-	683,000
IPO Agent's finance fee shares (Note 4)	100,000	10,000	-	-	-	-	10,000
IPO Agent's warrants (Note 4)		(18,170)	-	18,170	-	-	-
IPO Agent's commission (Note 4)	-	(33,640)	-	-	-	-	(33,640)
IPO share issuance costs (Note 4)	-	(172,021)	-	-	-	-	(172,021)
Shares issued for cash	2,550,000	255,000	-	-	-	-	255,000
Share issuance costs	-	(5,500)	-	-	-	-	(5,500)
Shares issued for debt settlement (Note 6)	115,000	8,050	-	-	-	-	8,050
Shares issued for exploration and evaluation assets (Note 5)	646,951	45,287	-	-	-	-	45,287
Share-based compensation	-	-	-	54,134	-	-	54,134
Loss for the year	-	-	-	-	-	(403,060)	(403,060)
Balance, December 31, 2022	22,631,203	2,468,495	-	586,581	12,572	(2,712,009)	355,639

***Post 1:2.5 share consolidation (Note 9)**

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

1. Nature and Continuance of Operations

Geologica Resource Corp. (the "Company") was incorporated on March 6, 2016 under the BC Business Corporations Act as a wholly-owned subsidiary of Pacific Therapeutics Inc. ("PT"), a public company the common shares of which trade on the Canadian Securities Exchange ("CSE"). The head office of the Company is located at 630 – 1111 Melville St. Vancouver, BC V6E 3V6. The registered and records office of the Company is located at the same address. The Company was spun off from PT on October 13, 2016 by way of a plan of arrangement. Effective February 24, 2021, the Company changed its name from Cabbay Holdings Corp. to Geologica Resource Corp.

On October 25, 2022 the Company completed an Initial Public Offering and was listed on the CSE under the symbol "GRCM" (Note 4).

On November 18, 2022, the Company was listed on the Frankfurt Stock Exchange under the symbol "862 and on December 15, 2022, the Company was listed on the Stuttgart Stock Exchange under the symbol "A2QQBC".

The Company's principal business activities are the exploration of natural resource properties.
The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is in the exploration stage.

The exploration and evaluation property in which the Company has an interest in is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2022, the Company has no source of revenue and does not generate cash flows from operating activities. The Company had a net loss for the year ended December 31, 2022 of $403,060 (2021: $245,726) and an accumulated deficit at December 31, 2022 of $2,712,009 (2021: $2,308,949).

1. Nature and Continuance of Operations (continued)

The Company expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financings to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

2. Statement of Compliance and Basis of Presentation

(a) Statement of Compliance

These financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issue by the board of directors on May 1, 2023.

(b) Basis of Presentation

These financial statements were prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant Accounting Policies

(a) Use of Estimates

The Company makes estimates and assumptions about the future that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is measured prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position 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, relate to, but are not limited to, the following:

Estimates:

Share-based payments and compensation

The Company has applied estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimated fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares is assessed as the most recent issuance price per common share for cash proceeds. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 9.

3. Significant Accounting Policies (continued)

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 10).

Judgments:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. That judgment may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Going Concern

The assumption is that the Company is a going concern and will continue into the foreseeable future. The factors considered by management are disclosed in Note 1.

(b) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

3. Significant Accounting Policies (continued)

(c) Property, plant and equipment

Property, plant and equipment is recorded at cost. Amortization is provided on a declining balance basis at the following annual rates:

Computer equipment	55%

In the year of acquisition, only one-half the normal rate is applied.

(d) Exploration and evaluation assets

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management judges there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized on a property-by property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration, and evaluation assets according to the nature of the assets acquired. When a license is relinquished, or a project is abandoned, the related costs are recognized in profit and loss immediately.

Management reviews the carrying value of capitalized exploration and evaluation expenditures at least annually. The review is based on the Company's intentions for development. If a project does not prove viable or the Company does not otherwise intend to develop, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property.

(e) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

3. Significant Accounting Policies (continued)

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of loss and comprehensive loss for the period.

(f) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired. If there is any indication the asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is measured as the higher of an asset's or cash generating unit's fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its fair value with the loss recognized in income or loss.

(g) Leases

The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, of the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

3. Significant Accounting Policies (continued)

(h) Loss per share

Basic loss per share is calculated based on the weighted average number of shares outstanding during the period. The treasury stock method is used for determining the dilutive effect of options and warrants issued in calculating the diluted earnings per share. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants, and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the year ended December 31, 2022, this calculation proved to be anti-dilutive and therefore diluted per share amounts do not differ from basic per share amounts.

(i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(j) Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the Company made with the proceeds. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or “premium” are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized, and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

(k) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity reserve. Consideration received on the exercise of stock options is recorded as share capital and the related amount in equity reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payments reserve. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

3. Significant Accounting Policies (continued)

(l) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets result from unused loss carry-forwards, resource related pools and other deductions. 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.

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified its cash at fair value through profit or loss. The company's advances, due from related parties and subscriptions receivable are held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

3. Significant Accounting Policies (continued)

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measures at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

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 of the credit risk on the financial asset has increased significantly since initial recognition.

If at the reporting date, the financial asset 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 income (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.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

3. Significant Accounting Policies (continued)

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties as financial liabilities held at amortized cost.

(n) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible notes due from related parties that can be converted to shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(o) Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

4. Initial Public Offering

On April 27, 2022, the Company filed a final prospectus with the British Columbia, Alberta and Ontario Securities Commissions (the "Prospectus"). The Prospectus covers the offering of a minimum of 6,500,000 common shares of the Company to a maximum of 10,000,000 common shares of the Company at a price of $0.10 (the "Offering") for gross proceeds of a minimum $650,000 and maximum $1,000,000. Research Capital acted as the agent (the "Agent") for the Offering. The Agent received a commission of 8% of the capital raised under the offering and warrants equal to 8% of the common shares issued under the offering as well as corporate finance fees. The capital will be used for exploration of the Topley Property option agreement and for general working capital.

On July 27, 2022 the Company received a receipt from the BCSC for its Amended and Restated Prospectus, extending the final distribution date to October 25, 2022.

On October 25, 2022 the Company completed an initial public offering ("IPO") by issuing 6,830,000 common shares for proceeds of $683,000. The Company was listed on the Canadian Securities Exchange under the symbol "GRCM". As compensation for acting as an IPO agent, the Agent received:

- A commission of $33,640 paid in cash.
- A corporate finance fee of $35,000 plus applicable taxes, $25,000 of which was paid in cash and the remaining $10,000 was paid by issuing 100,000 common shares.
- 336,400 agent's warrants. Each warrant entitles the holder to purchase one common share at a price of $0.10 per share until October 25, 2024.
- Reimbursement of certain expenses.

Total cash share issuance costs amounted to $195,661 and mainly consisted of Agent's commission, Agent's corporate finance fee, finder's fees, legal, listing and filing fees.

The Agent received an over-allotment option, exercisable in whole or in part for a period of 30 days following the closing of the IPO, to sell up to an additional 15% of the Offering at the Offering price to cover over-allotments and for market stabilization purposes. This option has not been exercised.

5. Exploration and Evaluation Assets

Topley Property option agreement

On October 19, 2020, the Company entered into an option agreement to earn a 100% interest in the Topley Copper-Gold Project in British Columbia. The agreement was amended on January 22, 2022 so the first 500,000 shares are issuable on listing of the Company's shares, and on September 29, 2022 to extend the date the Company must make the remaining exploration expenditures from September 30, 2022 to May 30, 2023.

5. Exploration and Evaluation Assets (continued)

In order to earn an interest in the property, the Company must make the following:

Cash payments:
- $5,000 on signing the agreement (paid)
- $50,000 by December 31, 2023

Share issuances:
- 500,000 on listing of the Company's shares (issued)
- 250,000 by December 31, 2022
- 250,000 by December 31, 2023

Exploration expenditures:
- $15,000 by November 7, 2020 (incurred)
- $25,000 by December 31, 2020 (incurred)
- $110,000 by May 30, 2023 ($67,394 incurred)

The option is subject to a 2% Net Smelter Return royalty, of which 1% can be repurchased by the Company for $1,000,000.

TAC Claims purchase and sale agreement

On April 14, 2021, the Company entered into an agreement to purchase a 100% interest in a mineral property in British Columbia known as the TAC Claims. The property is strategically located within the Topley Copper-Gold project and adds 37.4 hectares to the Company's land position. On December 19, 2021, the agreement was amended so that the first 5,000 shares would be issued at a rate of $0.10 per share.

In order to earn an interest in the property, the Company must make the following:

Cash payment:
- $2,500 on signing the agreement (paid)

Share issuances:
- Shares valued at $5,000 by December 31, 2021 (issued 50,000 common shares)
- Shares valued at $10,000 by December 31, 2022 (issued 121,951 common shares)
- Shares valued at $15,000 by December 31, 2023
- Shares valued at $20,000 by December 31, 2024.

The number of shares to be issued is calculated based on the 10-day average closing price of the Company's shares immediately preceding delivery of notice of the share issuance to the vendor.

5. Exploration and Evaluation Assets (continued)

		Topley Property
Balance December 31, 2020	**$**	**31,426**
Acquisition costs - cash		2,500
Acquisition costs - shares		5,000
Exploration costs		
Assay		29,194
Sampling		1,856
Balance December 31, 2021		**69,976**
Acquisition costs - shares		45,287
Exploration costs		
Assay		12,300
Geological		2,420
Permits		907
Sampling		6,256
Technical report		20,000
Balance December 31, 2022	**$**	**157,146**

6. Loans Payable

Loans assumed from PT

		December 31, 2022		December 31, 2021
Non-interest bearing with no set repayment terms	$	35,623	$	35,623
Past due				
- Previously interest rate of 1% monthly, due September 30, 2022		7,951		7,951
Interest rate of 1% monthly, due November 18, 2023		67,386		57,194
Interest rate of 1% monthly with no set repayment terms		10,011		-
	$	**120,970**	**$**	**100,768**

6. Loans Payable (continued)

On November 18, 2021, the Company signed an agreement whereby the principal of the interest-bearing loan in the amount of $56,000 (2021: $56,000) was extended and becomes due on November 18, 2023. The Company must pay a finance fee of $5,600 which is due at the same time as the principal. The loan accrues interest at 1% per month, payable quarterly. The unpaid interest accrued on the original loan remains due to the lender. The extension was accounted for as a modification of debt and the finance fee is amortized over the term of the loan.

Interest accrued at December 31, 2022 of $16,217 (2022: $8,815) is past due and has been recorded as an increase to the loans payable balance.

Principal		
Balance, December 31, 2020	**$**	**91,623**
Amortization of deferred financing costs		330
Balance, December 31, 2021	**$**	**91,953**
Proceeds		10,000
Amortization of deferred financing costs		2,800
Balance, December 31, 2022	**$**	**104,753**
Interest		
Balance, December 31, 2020	**$**	**10,416**
Accrued		6,799
paid		(8,400)
Balance, December 31, 2021		**8,815**
Accrued		8,302
Paid		(900)
Balance, December 31, 2022	**$**	**16,217**

6. Loans Payable (continued)

Promissory note financing

Principal		
Balance, December 31, 2020	**$**	-
Issued		30,000
Adjustment for finance fee paid in shares		(3,000)
Amortization of deferred financing costs		2,037
Repayment		(20,000)
Balance, December 31, 2021		**9,037**
Amortization of deferred financing costs		963
Contingent consideration issued		1,000
Paid		(10,000)
Paid in shares		(1,000)
Balance, December 31, 2022	**$**	**-**
Interest		
Balance, December 31, 2020	**$**	**-**
Accrued		900
Paid in shares		(900)
Balance, December 31, 2021		**-**
Accrued		879
Paid		(429)
Balance, December 31, 2022	**$**	**450**

On November 20, 2021, the Company issued promissory notes in the amount of $30,000 pursuant to a private placement. The notes bear interest at 12% annually and mature on November 20, 2024. The first three months of interest, equal to 3% of the principal, was paid in advance in common shares of the Company with a fair value of $0.10 per share. The holders were paid a finance fee equal to 10% of the principal in common shares with a fair value of $0.10 per share which is amortized over the term of the loan.

In the case that the Company had not completed an IPO by August 20, 2022, the Company would issue additional notes to the holders for 10% of the value of the original notes (“Contingent Consideration”). The new notes would have the same terms as the original notes less the contingent consideration and administration fee. The Company did not complete an IPO by August 20, 2022, and as a result, the Company issued additional notes of $1,000, representing 10% of the value of the outstanding original notes.

On December 23, 2022, the Company issued 10,000 common shares with a fair value of $0.07 per share to settle $1,000 of the promissory note. A gain of $300 was realized on settlement.

7. Convertible Notes

Convertible notes due to related parties

		Due to the CEO and director		Due to the CFO and director		Due to a former director		Total
Principal								
Balance, December 31, 2020	**$**	**20,776**	**$**	**18,066**		**19,872**		**58,714**
Accretion		273		216		332		821
Payment		(22,981)		(20,000)		(23,094)		(66,075)
Loss on repayment		1,932		1,718		2,890		6,540
Balance, December 31, 2021 and 2022	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Interest								
Balance, December 31, 2020	**$**	**1,725**	**$**	**1,500**	**$**	**1,650**	**$**	**4,875**
Accrued		211		167		256		634
Payment		(1,936)		(1,667)		(1,906)		(5,509)
Balance, December 31, 2021 and 2022	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Equity component	**$**	**4,448**	**$**	**3,868**	**$**	**4,256**	**$**	**12,572**

The convertible notes due from related parties had a face value of $65,000, were payable on July 10, 2022, bore interest at 5% annually, and were convertible into common shares at the option of the holder at a conversion price of $0.25 per share.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $52,399 using a discount rate of 12%, and $12,572 was assigned to the equity component to account for the conversion feature. The debt component was systematically accreted to its face value over the term of the notes by recording additional interest.

During the year ended December 31, 2021, the Company paid $71,584 to extinguish the notes. The Company recorded a loss of $6,540 on repayment related to the unamortized discount.

7. Convertible Notes (continued)

Convertible debenture financings

a) Notes convertible at $0.025 per share

Principal		
Balance, December 31, 2020	**$**	**35,000**
Converted to shares		(35,000)
Balance, December 31, 2021 and 2022	**$**	-
Interest		
Balance, December 31, 2020	**$**	**161**
Accrued		**889**
Converted to shares		**(1,050)**
Balance, December 31, 2021 and 2022	**$**	**-**

On December 17, 2020, the company issued convertible notes in the amount of $35,000 pursuant to a private placement. Of that amount, $10,000 was issued to directors and family members of directors. The notes matured on December 17, 2023, bore interest at 12% annually, and were convertible into common shares at a conversion price of $0.025 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

At the time of issuance, the fair value of the liability component was determined to be equal to the $35,000 proceeds received. Accordingly, no amount has been allocated to the equity component. This was determined by first valuing the liability component by discounting the cash flows using a discount rate of 12% and assigning the residual value, if any, to the equity component.

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 1,442,000 common shares (Note 9).

7. Convertible Notes (continued)

b) Notes convertible at $0.05 per share

Principal		
Balance, December 31, 2020	$	-
Issued		154,883
Converted to shares		(154,883)
Balance, December 31, 2021 and 2022	**$**	**-**
Interest		
Balance, December 31, 2020	$	-
Accrued		1,601
Converted to shares		(1,601)
Balance, December 31, 2021 and 2022	**$**	**-**
Equity component		
Balance, December 31, 2020	$	-
Issued		5,117
Converted to shares		(5,117)
Balance, December 31, 2021 and 2022	**$**	**-**

On February 4, 2021, the company issued convertible notes in the amount of $160,000 pursuant to a private placement. Of that amount, $30,000 were subscriptions received prior to December 31, 2020. The notes matured on February 4, 2024, bore interest at 12% annually, and were convertible into common shares at a conversion price of $0.05 per share automatically on completion of a 1 for 2.5 consolidation of the Company's shares.

The notes were separated into their liability and equity components by first valuing the liability component by discounting the cash flows and assigning the residual value to the equity component. The initial fair value of the debt component was recorded at $154,883 using a discount rate of 12%, and $5,117 was assigned to the equity component to account for the conversion feature.

On February 24, 2021, the Company completed a 1 for 2.5 share consolidation and the principal and accrued interest converted into 3,232,000 common shares. The equity component was allocated to share capital on conversion (Note 9).

7. Convertible Notes (continued)

In the case that the Company had not completed an IPO by November 3, 2021, the Company would issue additional notes to the note holders for 10% of the value of the original notes ("Contingent Consideration"). The new notes would have the same terms as the original notes less the Contingent Consideration. The Company did not complete an IPO by November 3, 2021 and as a result, the Company issued 323,000 common shares with a fair value of $0.05 per share as Contingent Consideration, representing 10% of the 3,232,000 common shares issued upon conversion of the notes. Accordingly, the Company recorded share capital in the amount of $16,160 in the year ended December 31, 2021.

8. Related Party Transactions

Transactions with related parties are as follows:

	December 31, 2022		December 31, 2021	
Accounting fees to a Company related to the CFO and director	$	15,000	$	10,000
Consulting fees to the CFO and director		12,000		12,000
Management fees to the CEO and director		60,000		57,500
Exploration and evaluation assets expenditures to a director		5,000		-
	$	92,000	$	79,500

<u>Balances due from (to) the CEO and director</u>

As of December 31, 2022, the Company has $31,264 (2021: $16,902) owing to the CEO and director of the Company. The balance has no set terms of repayment and does not bear interest.

As of December 31, 2022, the Company has loan receivable of $41,292 (2021: $Nil) due from a Company controlled by the CEO and director consisting of $41,000 principal and $292 interest. The loan accrues interest at 5% per annum and is due on November 9, 2023. Interest accrued for the year ended December 31, 2022 is $292 (2021: $Nil).

<u>Balance due to the CFO and director</u>

As of December 31, 2022, the Company has $47,413 (2021: $41,963) owing to a company related to the CFO and director, and $35,500 (2021: $26,000) owing to that director. The amounts do not bear interest and have no set terms of repayment.

<u>Balance due from former subsidiary</u>

During the year ended December 31, 2022, the Company loaned $100 (2021: $100) to its former subsidiary, Alta-Sun. The amount does not bear interest and has no set terms of repayment.

9. Share Capital

The Company has authorized an unlimited amount of Class A common shares without par value. As at December 31, 2022, the Company has 22,631,203 (2021: 12,389,252) common shares issued and outstanding.

Share consolidation

On February 24, 2021, the company completed a consolidation of its common shares on the basis of one post-consolidated share for every 2.5 pre-consolidated shares. The share consolidation was approved by the board on August 7, 2020. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

Financings

During the year ended December 31, 2022:

On October 25, 2022, the Company completed an IPO by issuing 6,830,000 common shares for gross proceeds of $683,000. In connection with the financing, the Company paid a finance fee of 100,000 common shares and issued 336,400 agent's warrants, entitling the holder to purchase one common share at a price of $0.10 per share until October 25, 2024. The Company paid cash shares issuance costs of $195,661 in relation to the financing (Note 4).

On December 23, 2022, the Company completed a financing of 800,000 flow-through shares for gross proceeds of $80,000 and 1,750,000 common shares for gross proceeds of $175,000. The Company recognized a flow-through premium in $Nil in connection with the flow-through shares. The Company paid a finder's fee of $4,000 and other cash share issuance costs of $1,500 in relation to the financing. Of the proceeds, $175,000 is receivable as of December 31, 2022.

The Company issued 115,000 common shares with a fair value of $0.07 to settle debt in the amount of $11,500. Of that amount, $1,000 was loans payable and $10,500 was accounts payable. The Company recorded a gain of $3,450 on the settlement (Note 6).

The Company issued 646,951 common shares with a fair value of $0.07 on the acquisition of exploration and evaluation assets (Note 5).

During the year ended December 31, 2021:

On February 24, 2021, convertible notes in the amount of $36,050 were converted into 1,442,000 common shares at a conversion rate of $0.025 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on December 17, 2020 (Note 7).

9. Share Capital (continued)

On February 24, 2021, convertible notes in the amount of $161,600 were converted into 3,232,000 common shares at a conversion rate of $0.05 per share on completion of the 1 for 2.5 share consolidation. The convertible debentures were issued pursuant to a private placement on February 4, 2021. The Company paid a cash finder's fee of $10,000 and issued 200,000 broker warrants in relation to the financing (Note 7).

On March 30, 2021, the Company issued 661,300 units for proceeds of $66,130 pursuant to a private placement. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.125 per share until March 29, 2026. The warrants were assigned a fair value of $20,171 using the residual value method.

On March 30, 2021, the Company settled accounts payable in the amount of $20,500 by issuance of 205,000 common shares. $10,000 of the amount was included in subscriptions received as of December 31, 2020.

On November 3, 2021, the Company issued 323,200 common shares at a conversion rate of $0.05 per share for total $16,160 as contingent consideration on convertible notes (Note 7).

On November 25, 2021, the Company issued 30,000 shares with a fair value of $3,000 as an administration fee on promissory notes. The Company also issued 9,000 shares with a fair value of $900 as advance interest on the notes (Note 6).

On December 16, 2021, the Company issued 1,325,000 flow-through shares for proceeds of $132,500 pursuant to a private placement. The Company recognized a flow-through premium liability in the amount of $Nil in connection with the financing. The Company paid a cash finder's fee of $10,000 in relation to the financing.

On December 20, 2021, the Company issued 50,000 common shares with a fair value of $5,000 on the acquisition of exploration and evaluation assets (Note 5).

Stock options and share based payments

As at December 31, 2022 the Company had 1,125,000 stock options outstanding with an exercise price of $0.075 expiring November 3, 2027.

During the year ended December 31, 2022:

On November 2, 2022. the Company issued 1,125,000 options to purchase common shares to directors, officers, and consultants. The options have an exercise price of $0.075 and are exercisable for five years from the date of grant until November 2, 2027. The options were assigned a value of $54,134 using the Black-Scholes pricing model.

9. Share Capital (continued)

During the year ended December 31, 2021:

42,000 options held by directors and consultants were forfeited.

The options outstanding and exercisable as at December 31, 2022 had a weighted average remaining contractual life of 4.84 years. Stock option activity was as follows:

	Options outstanding	Exercise Price $
Balance, December 31, 2020	42,000	0.536
Forfeited	(42,000)	(0.536)
Balance, December 31, 2021	-	-
Issued	1,125,000	0.075
Balance, December 31, 2022	1,125,000	0.075

The fair value of share-based awards is determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's stock options.

The assumptions used in the Black-Scholes pricing model were:

	December 31, 2022	December 31, 2021
Expected volatility	**100%**	-
Risk free interest rate	**2.84%**	-
Expected life in years	**5**	-
Grant date fair value per share	**$0.065**	-
Forfeiture rate	**0%**	-

Warrants

As at December 31, 2022 the following share purchase warrants were issued and outstanding:

Expiry Date	Exercise Price $	Warrants outstanding #
February 3, 2023	0.05	200,000
April 12, 2023	0.25	645,743
October 25, 2024	0.10	336,400
March 29, 2026	0.125	661,300
		1,843,443

9. Share Capital (continued)

During the year ended December 31, 2022:

The Company issued 336,400 broker warrants pursuant to the IPO. Each warrant entitles the holder to purchase one common share at $0.10 per share until October 25, 2024. The warrants were assigned a value of $18,170 using the Black-Scholes pricing model.

During the year ended December 31, 2021:

On February 4, 2021, the Company issued 200,000 broker warrants pursuant to a convertible debenture financing. Each warrant entitles the holder to purchase one common share at $0.05 per share until February 23, 2023. The warrants were assigned a value of $1,778 using the Black-Scholes pricing model.

On March 30, 2021, the Company issued 661,300 warrants pursuant to a private placement of units. Each warrant entitles the holder to purchase one common share at $0.125 per share until March 29, 2026. The warrants were deemed the more easily valuable component were assigned a value of $20,171 using the Black-Scholes pricing model.

The warrants outstanding and exercisable as at December 31, 2022 have a weighted average remaining contractual life of 1.61 years (2021: 2.56 years). Warrant activity was as follows:

	Warrants outstanding	Exercise Price $
Balance, December 31, 2020	645,743	0.25
Issued	861,300	0.11
Balance, December 31, 2021	1,507,043	0.17
Issued	336,400	0.10
Balance, December 31, 2022	1,843,443	0.16

The fair value of warrants was determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the warrant and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's warrants.

The assumptions used in the Black-Scholes pricing model were:

	December 31, 2022	December 31, 2021
Expected volatility	**100%**	**100%**
Risk free interest rate	**4.15%**	**0.19% - 0.97%**
Expected life in years	**2**	**2 - 5**
Grant date fair value per share	**$0.10**	**$0.025 - $0.05**
Forfeiture rate	**0%**	**0%**

10. Income Taxes

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rate of 27% to income tax expense is:

	2022	2021
	$	$
Loss for the year	(403,060)	(245,726)
Expected income tax (recovery)	(108,826)	(66,346)
Permanent and other differences	1,864	3,214
Change in benefit not recognized	106,962	63,132
Total income tax expense (recovery)	-	-

Deferred taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Deferred tax assets are evaluated periodically and if realization is not considered likely, a valuation allowance is provided.

	2022	2021
Deferred tax assets (liabilities)	$	$
Non-capital loss carry-forwards	428,688	323,491
Financing and other	31,681	2,814
Unrecognized deferred tax assets	460,369	326,305

The Company has non-capital losses of $1,556,732 (2021: $1,183,114) which, if unused, will expire as follows:

	$
2036	6,739
2037	181,399
2038	321,788
2039	324,162
2040	130,203
2041	227,283
2042	396,158
	1,587,732

11. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity (deficiency) and any debt that it may issue. The Company's objectives when managing capital are to continue as a going concern and to maximize returns for shareholders over the long term. The Company is not subject to any capital restrictions. There has been no change in the Company's objectives in managing its capital since incorporation.

12. Financial Instruments and Risk

As at December 31, 2022, the Company's financial instruments consist of cash, advances, accounts payable and accrued liabilities, due from related parties, loans payable, and due to related parties.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, advances, due from related parties and subscriptions receivable. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure relating to cash of $47,594 (2021: $73,019) held in deposits at Canadian chartered banks, advances of $7,029 (2021: $6,717), due from related parties of $41,292 (2021: $Nil) and subscriptions receivable of $175,000 (2021: $Nil). The Company considers this credit risk to be minimal.

Liquidity Risk

The Company's financial liabilities consist of $96,387 (2021: $83,425) in accounts payable and accrued liabilities, $121,420 (2021: $109,805) in loans payable, and $114,077 (2021: $84,765) in due to related parties. The Company manages liquidly risk through management of its capital resources discussed above.

Foreign Exchange Risk

The Company is not exposed to foreign exchange risk on its financial instruments.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such a loss is limited because the Company's interest bearing notes due from related parties and notes payable have fixed rates of interest.

12. Financial Instruments and Risk (continued)

Fair Value

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

	Level 1	**Level 2**	**Total**
	$	**$**	**$**
December 31, 2022			
Cash	47,594	-	47,594
	47,594	-	47,594
December 31, 2021			
Cash	73,019	-	73,019
Loans payable	-	(65,367)	(65,367)
	73,019	(65,367)	7,652

Cash is measured using level 1 fair value inputs. The fair value of long-term loans payable are determined based on level 2 inputs and estimated based on the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at December 31, 2022, the Company believes that the carrying values of its cash, advances, accounts payable and accrued liabilities, due from related parties, due to related parties, and short-term loans payable approximate their fair values because of their nature and relatively short maturity dates or durations.

13. Supplemental Cash Flow Information

	2022	2021
Cash paid for interest	1,329	15,003
Cash paid for income taxes	-	-

Significant non-cash investing and financing transactions for the period ended December 31, 2022 are as follows:

- Issued 115,000 common shares to settle $1,000 of loans payable and $10,500 of accounts payable and accrued liabilities (Note 6, Note 9)
- Issued 100,000 common shares as finance fees in relation to the IPO as share issuance costs (Note 4)
- Issued broker warrants valued at $18,170 as share issuance costs (Note 4)
- Issued 646,951 common shares with a fair value of $45,827 to acquire exploration and evaluation assets (Note 5)
- $18,170 of exploration costs is included in accounts payable and accrued liabilities (Note 5)

Significant non-cash investing and financing transactions for the period ended December 31, 2021 are as follows:

- Converted convertible notes in the amount of $197,650 into shares (Note 7)
- Issued 205,000 common shares to settle accounts payable and accrued liabilities of $50,500 (Note 9)
- Issued broker warrants valued at $1,778 as share issuance costs (Note 9)
- Issued 50,000 shares with a fair value of $5,000 as payment towards the TAC claims purchase and sale agreement (Note 5)
- Paid finance fees on promissory notes of 30,000 shares with a fair value of $3,000 on (Note 6)
- Paid interest in advance on promissory notes by issuing 9,000 shares with a fair value of $900 (Note 6)
- $13,251 of in exploration costs is included in accounts payable and accrued liabilities (Note 5)

14. Commitments

On December 16, 2021, the Company issued 1,325,000 flow-through shares and is required to make qualifying expenditures of $132,500 by December 16, 2023. During the year ended December 31, 2022, the Company made $44,919 (2021: $12,617) of qualifying expenditures and $74,692 (2021: $119,883) remains on the commitment (Note 9).

On December 23, 2022, the Company issued 800,000 flow-through shares and is required to make qualifying expenditures of $80,000 by December 23, 2024. As of December 31, 2022 $80,000 remains on the commitment (Note 9).

14. Commitments (continued)

On November 4, 2022, the Company entered into a consulting services agreement and on March 3, 2023 issued the following stock options pursuant to the agreement:

- 200,000 stock options with an exercise price of $0.125 expiring on March 2, 2025
- 200,000 stock options with an exercise price of $0.10 expiring on March 2, 2026

On April 1, 2022, the Company entered into a consulting services agreement and on March 3, 2023 issued the following stock options pursuant to the agreement:

- 200,000 stock options with an exercise price of $0.125 expiring on March 2, 2025

15. Subsequent Events

Rooster Claims

On February 21, 2023, the Company entered into an agreement to purchase a 100% interest in a mineral property located in British Columbia known as the Rooster Claims. The property is strategically located contiguous with the Topley Property. The vendor is controlled by the CEO and director of the Company.

In order to purchase the property, the Company must make a cash payment of $20,000 on completion of a $20,000 exploration program and issue 1,800,000 common shares on transfer of the property.

Under the terms of the agreement, the $20,000 cash payment must be used by the vendor to complete exploration work on the claims.

Stock options

On March 3, 2023, the Company issued 400,000 options to purchase common shares with an exercise price of $0.125 expiring two years after the date of issuance on March 2, 2025. The options were issued pursuant to consulting agreements entered prior to December 31, 2022 (Note 14).

On March 3, 2023, the Company issued 200,000 options to purchase common shares with an exercise price of $0.10 expiring three years after the date of issuance on March 2, 2026. The options were issued pursuant to a consulting agreement entered prior to December 31, 2022 (Note 14).

On March 17, 2023, the Company issued 100,000 options to purchase common shares with an exercise price of $0.075 per share expiring five years after the date of issuance on March 16, 2028.

Warrant expiry

Subsequent to December 31, 2022, 200,000 warrants with an exercise price of $0.05 and 645,743 warrants with an exercise price of $0.25 expired unexercised (Note 9).