NEXCO RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

AUGUST 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Nexco Resources Inc.

Opinion

We have audited the financial statements of Nexco Resources Inc. (the "Company") which comprise the statements of financial position as at August 31, 2022 and 2021, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at August 31, 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 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 indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management 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 Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 23, 2022

NEXCO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2022 AND 2021
(Expressed in Canadian dollars)

	Note	2022	2021
		$	$
ASSETS			
CURRENT			
Cash		165,147	712,674
Prepaid expenses		10,500	10,000
Amounts receivable	9	73,119	55,541
		248,766	778,215
ADVANCES	5	-	4,124,466
EXPLORATION AND EVALUATION ASSET	6	1	1
		248,767	4,902,682
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	9	60,909	63,930
Convertible debentures	7	2,095,896	1,776,688
		2,156,805	1,840,618
EQUITY			
SHARE CAPITAL	8	3,974,690	3,924,690
CONTRIBUTED SURPLUS	7,8	796,195	796,195
DEFICIT		(6,678,923)	(1,658,821)
		(1,908,038)	3,062,064
		248,767	4,902,682

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 13)

Approved and authorized for issue on behalf of the Board on December 23, 2022:

/s/ "Zayn Kalyan" Director *"/s/ "Brandon Rook"* Director

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian dollars)

	Note	**2022**	**2021**
		$	$
EXPENSES			
Accretion and interest on convertible debentures	7	417,932	46,963
Consulting fees	9	224,769	291,274
Interest on short-term loans		-	5,293
Marketing		-	48,310
Office and general		6,811	7,904
Professional fees		59,116	132,045
Rent		62,437	71,424
Transfer agent and filing fees		14,159	16,342
Travel		14,732	2,311
		(799,956)	(621,866)
OTHER ITEMS			
Impairment of advances	5	(4,318,870)	-
Gain on modification of convertible debentures	7	98,724	-
Impairment of exploration and evaluation assets	6	-	(174,594)
NET LOSS BEFORE INCOME TAXES		(5,020,102)	(796,460)
INCOME TAXES			
Deferred income tax recovery on convertible debentures	10	-	37,010
NET LOSS AND COMPREHENSIVE LOSS		(5,020,102)	(759,450)
LOSS PER SHARE – Basic and diluted		(0.14)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		35,707,871	26,917,196

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, September 1, 2020	9,214,000	875,394	315,827	(899,371)	291,850
Private placements, net	26,398,666	3,429,099	-	-	3,429,099
Fair Value of warrants issued as finders fees for convertible debentures	-	-	137,075	-	137,075
Fair value of warrants	-	(379,803)	379,803	-	-
Issuance of convertible debentures	-	-	(36,510)	-	(36,510)
Net loss for the year	-	-	-	(759,450)	(759,450)
Balance, August 31, 2021	35,612,666	3,924,690	796,195	(1,658,821)	3,062,064
Warrants exercised	250,000	50,000	-	-	50,000
Net loss for the year	-	-	-	(5,020,102)	(5,020,102)
Balance, August 31, 2022	35,862,666	3,974,690	796,195	(6,678,923)	(1,908,038)

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(5,020,102)	(759,450)
Items not involving cash:		
Accretion and interest	417,932	46,963
Impairment of advances	4,318,870	-
Gain on modification of convertible debentures	(98,724)	-
Deferred income tax recovery	-	(37,010)
Impairment of exploration and evaluation assets	-	174,594
Changes in non-cash working capital balances:		
Prepaid expenses	(500)	(6,285)
Amounts receivable	(17,578)	(50,671)
Accounts payable and accrued liabilities	(3,021)	26,395
Cash used in operating activities	(403,123)	(605,464)
INVESTING ACTIVITIES		
Advances	(194,404)	(4,124,466)
Cash used in investing activities	(194,404)	(4,124,466)
FINANCING ACTIVITIES		
Convertible debentures issued for cash	-	2,030,500
Convertible debenture issuance costs	-	(163,200)
Common shares issued for cash	50,000	3,704,875
Shares issuance costs	-	(275,776)
Cash provided by financing activities	50,000	5,296,399
CHANGE IN CASH	(547,527)	566,469
CASH, BEGINNING OF YEAR	712,674	146,205
CASH, END OF YEAR	165,147	712,674
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid and income tax paid	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Nexco Resources Inc. ("the Company") was incorporated on December 14, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is suite 750-1095 W Pender Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2022, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

As at August 31, 2022, the Company had a deficit of $6,678,923 (2021 – $1,658,821), which has been funded by the issuance of debt and 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 operating costs.

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.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

Proposed Transaction (the "Transaction")

On November 30, 2020, the Company entered into a Letter of Intent ("LOI") with SymptomSense, LLC ("SymptomSense"). Pursuant to the LOI, the Company proposed to purchase all of the issued and outstanding securities of SymptomSense. Upon completion of the transaction, SymptomSense would become a wholly owned subsidiary of the Company and the Company would carry on the business of SymptomSense.

On May 25, 2021, the Company announced that further to the LOI, it had signed a definitive securities exchange agreement (the "Definitive Agreement") with Soter Technologies, LLC ("Soter" or the "Target"), a private arm's length limited liability company incorporated under the laws of the State of New York, and the owners of the Target (the "Vendors") pursuant to which the Company has agreed to purchase all of the issued and outstanding equity securities of the Target (the "Target Securities") from the Vendors (the "Transaction"). The Definitive Agreement was amended on July 9, 2021, June 15, 2022, July 20, 2022 and October 4, 2022 (the "Amended Definitive Agreement").

1. NATURE OF OPERATIONS (continued)

Proposed Transaction (the "Transaction") - continued

Upon completion of the Transaction (the Closing"), the Target will become a wholly owned subsidiary of the Company and the Company will carry on the business of the Target, which includes the business of its subsidiary, SymptomSense, LLC. The Closing is anticipated to be on or before November 1, 2022, or such other date as mutually agreed to. The Transaction will constitute a Fundamental Change of the Company in accordance with the policies of the Canadian Securities Exchange (the "CSE"). The Company had previously entered into a letter of intent dated November 30, 2020 to acquire only SymptomSense, but the parties have now agreed to acquire Soter which is the parent company to SymptomSense.

Proposed Transaction (Securities)

The Amended Definitive Agreement provides that the Company will acquire all of the outstanding Target Securities from the Vendors in exchange for the issuance of common shares of the Company (each, a "Consideration Share") to the Vendors at a deemed price of $0.25 per Consideration Share as follows: (i) the issuance of 18,266,200 Consideration Shares on the Closing; and (ii) the issuance of up to 38,815,675 Consideration Shares as a post-Closing performance earn-out upon the Company achieving certain business objective and revenue milestones following the Closing. On Closing, the Company will also issue an aggregate of 1,000,000 performance share units to senior executive personnel of the Target that will vest and become exercisable into common shares of the Company (each, a "Share") upon the Company achieving revenue of US$20,000,000 in last twelve months following the Closing.

On Closing, the Company has also agreed to: (i) issue an aggregate of 2,233,800 restricted share units ("RSUs") to employees and consultants of the Target which will vest and become exercisable into Shares immediately upon the Closing; and (ii) issue an aggregate of 4,184,325 performance share units ("PSUs") to employees and consultants of the Target which will vest and become exercisable into Shares upon the Company achieving certain business objective and revenue milestones following the Closing. The Company has agreed to pay a finder's fee of 1,000,000 common shares in connection with the Transaction. In additional to any escrow conditions imposed by the CSE, all of the Consideration Shares, RSUs and PSUs will be subject to a pooling agreement between the Company and the recipients of such securities providing for the release of such securities as follows: 1/8th on the date that is nine months from issuance (the "First Release Date") and an additional 1/8th every three months after the First Release Date.

Proposed Transaction (Bridge Loan) - see Note 5

On December 31, 2020, the Company entered into a loan agreement, which was amended on May 25, 2021 (the "Amended Loan Agreement") with the Target as part of the Transaction. Pursuant to the Amended Definitive Agreement and in accordance with the Amended Loan Agreement, the Company agreed to advance a secured bridge loan in the amount of up to US$3,450,000 to the Target, which is secured against all present and after acquired property of the Target. During the year ended August 31, 2022, the Company advanced a principal amount of $194,404 (USD $150,000) to the Target. During the year ended August 31, 2021, the Company advanced a principal amount of $4,124,466 (USD $3,300,000) to the Target. As at August 31, 2022, a total principal amount of $4,318,870 (USD $3,450,000) has been advanced by the Company to the Target.

During the year ended August 31, 2022, the Company provided for an impairment charge of $4,318,870 against the advances as a result of the uncertainty related to recovering the advance.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 December 23, 2022.

b) Basis of presentation

The 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.

c) Cash equivalents

Cash equivalents is comprised of cash 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) Convertible debentures

The convertible debentures were determined to be compound instruments, comprising a financial liability (debt obligation) and an equity component (conversion option). The debt obligation is recognized at fair value by discounting the principal balance by the borrowing rate for a similar instrument without the conversion feature.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Using the residual method, the carrying amount of the conversion option represents the difference between the principal amount and the discounted debt obligation.

The convertible debentures, net of the conversion option, is accreted to the principal balance using the effective interest rate method over the term of the convertible debentures, such that the carrying amount of the debt obligation will equal the principal balance at maturity.

f) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued.

Deferred financing costs related to financing transactions that are not completed are charged to operations.

g) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date 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 settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

i) 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 prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

j) 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 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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

k) 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 period. 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.

l) 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 balance sheet 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.

m) Financial instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income (“FVOCI”); and

iii. Fair value through profit and loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, 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 their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured 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 as finance income using the effective interest rate method.

The Company's advances and amounts receivable from related parties are classified at amortized cost.

ii. 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.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

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 in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at 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 amount of change in the 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 classify 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 method.

The Company classifies its accounts payable and convertible debentures at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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.

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:

Significant accounting estimates

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; and

ii. the inputs used in accounting for share-based payments.

Significant accounting judgments

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

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

iii. realization of advance receivables.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

(Expressed in Canadian dollars)

5. ADVANCES

On December 31, 2020, the Company entered into a loan agreement with SymptomSense, LLC as part of the Transaction described in Note 1. The agreement was amended on May 25, 2021. Pursuant to the Amended Definitive Agreement and in accordance with the Amended Loan Agreement, the Company agreed to advance a secured bridge loan in the amount of up to US$3,450,000 to the Target, which is secured against all present and after acquired property of the Target.

The agreement includes the following terms:

- interest rate of 5% per annum, commencing on March 31, 2021;
- maturity date of November 25, 2021 ("Maturity Date");
- with no obligation to make payment of either principal or interest prior to the Maturity Date; and
- covenants limiting Sorter's ability to use proceeds from the Bridge Loan for purposes other than maintenance of working capital.

During the year ended August 31, 2022, the Company advanced a principal amount of $194,404 (USD $150,000) to the Target. During the year ended August 31, 2021, the Company advanced a principal amount of $4,124,466 (USD $3,300,000) to the Target. As at August 31, 2022, a total principal amount of $4,318,870 (USD $3,450,000) has been advanced by the Company to the Target.

On December 2, 2021, the Company issued a demand letter to Soter and SymptomSense stating they were in default of the Bridge Loan agreement and that the principal amount of $4,124,466 (US$3,300,000) plus accrued interest to November 25, 2021, was due in full. According to the security agreement relating to the Bridge Loan, Soter and SymptomSense have until February 17, 2022 to cure their default. The Company, Soter and SymptomSense are continuing negotiations in order to move forward with the Transaction, however, there can be no assurance that the Transaction will complete, either under the current terms or under amended terms. Due to the uncertainty of the Company's ability to collect the advances, the Company has provided an impairment charge for the full amount advanced.

6. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	**Exploration costs**	**Total**
	$	$	$
Balance, August 31, 2020	30,250	144,345	174,595
Impairment	(30,249)	(144,345)	(174,594)
Balance, August 31, 2022 and 2021	1	-	1

Berger Property

Pursuant to an initial and amended option agreements (the "Agreement") dated August 21, 2014 and July 31, 2015, with the Optionor, the Company was granted an option to acquire a 100% undivided interest in the Berger Property (the "Property") which consists of 2 mining claims located in the Kamloops Mining District of British Columbia. In accordance with the Agreement, the Company has acquired a 100% undivided interest in the Property by issuing a total of 100,000 common shares and making cash payment of $12,000. The Optionor will retain a 2% Net Smelter Returns ("NSR") royalty on the Property. The Company has the right to purchase the NSR at a purchase price of $1,000,000 per percentage point during the 5-year period commencing from the date upon which the Property is put into commercial production.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

During the year ended August 31, 2021, the Company recorded an impairment charge of $174,594 to reflect the uncertainty related to the Company of future work.

7. CONVERTIBLE DEBENTURES

	$
Balance outstanding, September 1, 2020	-
Proceeds on issuance	2,030,000
Transaction costs	(300,275)
Accretion and interest	46,963
Balance outstanding, August 31, 2021	1,776,688
Gain on debt modification	(98,724)
Accretion and interest	417,931
Balance outstanding, August 31, 2022	2,095,895

i. On July 20, 2021, the Company closed the first tranche of its non-brokered private placement of unsecured convertible debentures (each, a “Debenture”) of the Company for total gross proceeds of $350,000. All securities issued in connection with the first tranche will be subject to a hold period expiring November 21, 2021. In connection with the closing of the first tranche, the Company paid finder’s fees in the amount of $28,100 and issued 112,000 broker warrants exercisable at $0.25 for two years. The fair value of the brokers’ warrants was $23,666 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.4%
Expected life	2 years
Expected volatility	109%
Expected dividends	0%

ii. On July 30, 2021, the Company closed a second tranche of a non-brokered private placement of unsecured convertible debentures (each, a “Debenture”) of the Company for total gross proceeds of $959,500. All securities issued in connection with the second tranche will be subject to a hold period expiring December 1, 2021. In connection with the closing of the first tranche, the Company paid finder’s fees in the amount of $77,360 and issued 307,040 broker warrants exercisable at $0.25 for two years. The fair value of the brokers’ warrants was $64,878 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.4%
Expected life	2 years
Expected volatility	109%
Expected dividends	0%

(Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURES (continued)

iii. On August 25, 2021, the Company announced it closed a second tranche of a non-brokered private placement of unsecured convertible debentures (each, a “Debenture”) of the Company for total gross proceeds of $720,500. All securities issued in connection with the second tranche will be subject to a hold period expiring December 1, 2021. In connection with the closing of the first tranche, the Company paid finder’s fees in the amount of $57,740 and issued 230,560 broker warrants exercisable at $0.25 for two years. The fair value of the brokers’ warrants was $48,531 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.4%
Expected life	2 years
Expected volatility	109%
Expected dividends	0%

During the year ended August 31, 2022, the Company recorded accretion of $241,998 (2021 - $26,233) and interest expense of $175,192 (2021 - $20,730) relating to convertible debentures. All debentures of the Company will bear interest at 10% per annum, from the date of issuance, payable upon the earlier of the Maturity Date (as defined below) or the date of any conversion thereof.

On July 20, 2022, the Company entered into agreements to amended the maturity dates for the convertible debentures as follows:

Principal Amount	Effective Date	Original Maturity Date	Amended Maturity Date
$	$	$	$
350,000	July 20, 2021	July 20, 2022	July 20, 2023
959,500	July 31, 2021	July 30, 2022	July 30, 2023
720,500	August 25, 2021	August 25, 2022	August 25, 2023

At the Maturity Date, the outstanding Debentures will automatically convert into units of the Company (each, a “Unit”) at the following conversion price: (a) if the Company’s Transaction with Soter and SymptomSense has not yet closed, $0.225 per Unit (the “Conversion Price”), with each Unit consisting of one common share in the capital of the Company (each, a “Share”) and one-half of one non-transferable share purchase warrant (each whole warrant, a “Warrant”), with each Warrant exercisable into one Share (each, a “Warrant Share”) at a price of $0.75 per Warrant Share for a period of two years from the date of the Closing; and (b) if the Transaction has closed, the greater of: (i) the Conversion Price and (ii) a price (the “Alternative Conversion Price”) equal to 75% of the price per security at which equity securities are issued by the Company in the concurrent financing (the “Concurrent Financing”) carried out in connection with the Transaction (the “Concurrent Financing Price”). As a result of the debt modification, the Company recorded a gain on modification of $98,724.

(Expressed in Canadian dollars)

8. SHARE CAPITAL

a) Authorized:

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

b) Issued and Outstanding:

As at August 31, 2022 – 35,862,666 (2021 – 35,612,666) common shares were issued and outstanding.

c) Financing:

During the year ended August 31, 2022, the Company had the following share capital transactions:

i. On April 14, 2022, the Company issued 250,000 common shares for warrants exercised at a price of $0.20 per warrants for total gross proceeds of $50,000.

During the year ended August 31, 2021, the Company had the following share capital transactions:

i. On October 16, 2020, the Company completed a non-brokered private placement (the "Private Placement") of units, issuing an aggregate of 3,399,000 units (a "Unit") in the capital of the Company at a purchase price of $0.075 per Unit for gross proceeds of $254,925. Each Unit consists of one common share (a "Common Share") of the Company and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to purchase an additional Common Share (a "Warrant Share") of the Company at an exercise price of $0.15 per Warrant Share and expire on October 16, 2023.

ii. On December 31, 2020, the Company completed a non-brokered private placement (the "Private Placement") of units, issuing an aggregate of 12,423,000 units (a "Unit") in the capital of the Company at a purchase price of $0.15 per Unit for gross proceeds of $1,863,450. Each Unit consists of one common share (a "Common Share") of the Company and one half of one transferable Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to purchase an additional Common Share (a "Warrant Share") of the Company at an exercise price of $0.30 per Warrant Share until December 31, 2022. Finder's fees of $149,176 were paid and 993,840 brokers' warrants were issued, at an exercise price of $0.20, exercisable until December 31, 2022. The fair value of the brokers' warrants was $196,978 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.2%
Expected life	2 years
Expected volatility	132%
Expected dividends	0%

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

iii. On January 20, 2021, the Company completed a non-brokered private placement (the "Private Placement") of units, issuing an aggregate of 10,576,666 units (a "Unit") in the capital of the Company at a purchase price of $0.15 per Unit for gross proceeds of $1,586,500. Each Unit consists of one common share (a "Common Share") of the Company and one half of one transferable Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to purchase an additional Common Share (a "Warrant Share") of the Company at an exercise price of $0.30 per Warrant Share until January 20, 2023. Finder's fees of $126,600 were paid and 843,333 brokers' warrants were issued, at an exercise price of $0.20, exercisable until January 20, 2023. The fair value of the brokers' warrants was $182,825 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	0.16%
Expected life	2 years
Expected volatility	134%
Expected dividends	0%

(d) Stock Option Plan:

The Company has adopted a 10% rolling incentive stock option plan, which provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options ("Options") to purchase up to 10% of the issued and outstanding common shares of the Company at the date of grant.

In addition, no Options may be granted under the stock option plan if the number of common shares, calculated on a fully diluted basis, issued within 12 months to (i) related persons, exceeds 10% of the outstanding common shares of the Company, or (ii) a related person and the associates of the related person, exceeds 5% of the outstanding common shares of the Company.

During the years ended August 31, 2022 and 2021, the Company did not grant any stock options.

The following table summarizes stock option transactions:

	Number of options	**Weighted average exercise price**
		$
Outstanding, August 31, 2020	100,000	0.30
Cancelled	(100,000)	(0.30)
Outstanding, August 31, 2021 and 2022	-	-

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

(e) Warrants:

During the year ended August 31, 2022, the Company did not issue any warrants and received gross proceeds of $50,000 from the exercise of 250,000 warrants at an exercise price of $0.20.

On April 26, 2022, the Company announced the extension of the warrant expiry date for the holders of 4,019,500 warrants issued on April 16, 2019. The new expiry date is June 16, 2022 and other terms of the original warrants remained unchanged. On June 16, 2022, 4,019,500 warrants expired unexercised.

During the year ended August 31, 2021, the Company issued 14,881,333 Warrants and 2,486,773 Brokers' Warrants.

The following table summarizes warrant transactions:

	Number of warrants	**Weighted average exercise price**
		$
Outstanding, August 31, 2020	4,269,500	0.20
Issued	17,385,606	0.16
Outstanding, August 31, 2021	21,655,106	0.36
Exercised	(250,000)	(0.20)
Expired	(4,019,500)	(0.20)
Outstanding, August 31, 2022	17,385,606	0.26

The following table summarizes the warrants outstanding and exercisable as at August 31, 2022:

Exercise price	**Number of warrants**	**Exercisable**	**Expiry date**
$ 0.30	6,211,500	6,211,500	December 31, 2022
$ 0.20	993,840	993,840	December 31, 2022
$ 0.30	5,288,333	5,288,333	January 20, 2023
$ 0.20	843,333	843,333	January 20, 2023
$ 0.25	112,000	112,000	July 20, 2023
$ 0.25	307,040	307,040	July 30, 2023
$ 0.25	230,560	230,560	August 25, 2023
$ 0.15	3,399,000	3,399,000	October 16, 2023
	17,385,606	17,385,606	

(Expressed in Canadian dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The Company had the following related party transactions:

	2022	**2021**
	$	$
Consulting fees	120,000	139,880

As at August 31, 2022 there is $Nil (2021: $24,414) in accounts payable and accrued liabilities owing to related parties of the Company. As at August 31, 2022, there was $10,500 (2021 - $10,000) recorded in prepaid expenses as a prepayment of September 2022 fees of the CEO. Amounts due to the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

As at August 31, 2022 there is $27,032 (2021: $27,032) recorded in accounts receivable from a company with common management personnel. Amounts due from the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

10. INCOME TAXES

The Company has losses carried forward of $2,115,143 available to reduce income taxes in future years which expire in 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 is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

(Expressed in Canadian dollars)

10. INCOME TAXES (continued)

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	(1,355,428)	(215,000)
Effect of income taxes of:		
Permanent difference and other items	1,140,312	19,640
Change in deferred tax assets not recognized	215,116	232,370
Deferred income tax recovery	-	37,010

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	571,089	383,244
Share issuance costs	46,993	64,203
Mineral properties	581	581
Convertible debentures	14,419	(30,062)
Deferred tax assets not recognized	(633,082)	(417,966)
	-	-

11. 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 property. The Company does not have any externally imposed capital requirements to which it is subject.

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.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 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;

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

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).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2022 are as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	$	$	$
Cash	165,147	-	-	165,147

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, advances, accounts payable and convertible debentures. 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.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

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.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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.

13. SUBSEQUENT EVENT

On October 4, 2022 the Company signed a consent and waiver agreement with Soter Technologies, LLC where Soter acknowledges and agrees that Nexco is not obligated to advance to Soter a further Bridge Loan tranche of US$200,000 as set out in the Share Exchange Agreement from July 20, 2022.