
NEXCO RESOURCES INC

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
FEBRUARY 28, 2023 AND 2022

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended February 28, 2023 and 2022 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim financial statements.

NEXCO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	February 28, 2023	August 31, 2022
Assets		
Current		
Cash	\$ 57,569	\$ 165,147
Prepaid expenses	-	10,500
Amounts receivable	37,935	73,119
	95,504	248,766
Exploration and Evaluation Asset (Note 5)	1	1
	\$ 95,505	\$ 248,767
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	57,396	60,909
Convertible debentures (Note 6)	2,228,672	2,095,896
	2,286,068	2,156,805
Equity		
Share Capital (Note 7)	3,974,690	3,974,690
Contributes surplus	796,195	796,195
Deficit	(6,961,448)	(6,678,923)
	(2,190,563)	(1,908,038)
	\$ 95,505	\$ 248,767

NATURE OF OPERATIONS (Note 1)

Approved and authorized for issuance on behalf of the Board on April 27, 2023.

/s/ "Zayn Kalyan" Director /s/ "Geoff Balderson" Director

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

NEXCO RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended February 28,		Six Months Ended February 28,	
	2023	2022	2023	2022
	\$	\$	\$	\$
General and administration				
Accretion and interest (Note 6)	107,844	124,480	132,776	242,501
Consulting fees	36,731	56,666	100,150	92,754
Office and general	413	3,215	753	5,961
Professional fees	12,715	33,756	17,369	42,807
Rent	9,000	13,279	18,000	44,757
Transfer agent and filing fees	7,207	5,397	9,607	8,177
Travel	-	4,123	3,870	4,123
Net loss and comprehensive loss	(173,910)	(240,916)	(282,525)	(441,080)
Basic and Diluted Loss Per Common Share	(0.00)	(0.01)	(0.01)	(0.01)
Weighted Average Number of Common Shares Outstanding	35,862,666	35,612,666	35,862,666	35,612,666

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

NEXCO RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022
(Unaudited - Expressed in Canadian dollars)

Six Months Ended February 28, 2022						
	Common Shares			Contributed Surplus	Deficit	Equity
	# of Shares	Amount				
Balance, September 1, 2021	35,612,666	\$ 3,924,690	\$	796,195	\$ (1,658,821)	\$ 3,062,064
Net loss for the period	-	-		-	(441,080)	(441,080)
Balance, February 28, 2022	35,612,666	\$ 3,924,690	\$	796,195	\$ (2,099,901)	\$ 2,620,984

Six Months Ended February 28, 2023						
	Common Shares			Contributed Surplus	Deficit	Equity
	# of Shares	Amount				
Balance, September 1, 2022	35,862,666	\$ 3,974,690	\$	796,195	\$ (6,678,923)	\$ (1,908,038)
Net loss for the period	-	-		-	(282,525)	(282,525)
Balance, February 28, 2023	35,862,666	\$ 3,974,690	\$	796,195	\$ (6,961,448)	\$ (2,190,563)

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

NEXCO RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	Six Months Ended February 28	
	2023 \$	2022 \$
Cash Flows from Operating Activities		
Net loss for the period	(282,525)	(441,080)
Items not involving cash:		
Accretion and interest	132,776	242,501
Changes in non-cash working capital items		
Decrease (increase) in prepaid expenses	10,500	(500)
Decrease (increase) in accounts receivable	35,184	(8,173)
(Decrease) increase in accounts payable and accrued liabilities	(3,513)	(14,007)
Change in Cash During the Period	(107,578)	(221,259)
Cash, Beginning of Period	165,147	712,674
Cash, End of Period	57,569	491,415
Cash Paid During the Period for Interest	-	-
Cash Paid During the Period for Income Taxes	-	-

The accompanying notes are an integral part of these unaudited condensed interim 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 February 28, 2023, 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 February 28, 2023, the Company had a deficit of \$6,961,448 (August 31, 2022 – \$6,678,923), 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.

Termination of Proposed Transaction with Soter Technologies, LLC

On March 20, 2023, the Company announced that the Company will not be proceeding with the proposed business combination and fundamental change transaction with Soter Technologies, LLC (the "Transaction").

Advances

The Company advanced a total of USD \$3,450,000 ("Bridge Loan") to Soter Technologies, LLC ("Soter") and SymptomSense, LLC ("SymptomSense") during the course of the Transaction. During the year ended August 31, 2022, the Company provided for an impairment charge of \$4,318,870 (USD \$3,450,000) against the Bridge Loan as a result of the uncertainty related to recovering the advances.

On February 28, 2023, the Company executed a debt-swap agreement with Soter and SymptomSense whereby, in exchange for the Company forgiving the Bridge Loan, Soter issued to the Company an unsecured subordinated convertible note in the principal amount of US\$3,250,000 (the "Debenture"). The Debenture bears interest of 12% per annum and is convertible into shares of common stock of Soter at the Company's option and has a maturity date of the earlier of: (a) the date of a liquidity event, being a public offering of shares of common stock of Soter resulting in the listing for trading or quoting of Soter's common stock on the NYSE, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, or the Nasdaq Global Select Market; and (b) November 28, 2023.

NEXCO RESOURCES INC.**Notes to the Condensed Interim Financial Statements****For the six month period ended February 28, 2023 and 2022***(Unaudited - Expressed in Canadian dollars)*

1. NATURE OF OPERATIONS (continued)

The Company and Soter also entered into a registration rights agreement, pursuant to which Soter agreed to register all applicable securities issuable upon conversion of the Debenture in accordance with its terms such that whenever Soter is required or proposes to register any of its equity securities under the United States Securities Act of 1933, as amended from time to time, Soter will, among other things, give the Company at least fifteen days prior written notice of its intention to effect such registration. Concurrent with the issuance of the Debenture, Nexco and Soter entered into subordination agreement whereby Nexco released all security interests it held in respect of Soter under the security agreements entered into in connection with the Bridge Loan.

Due to the uncertainty of recovering the amount due pursuant to the convertible note, the Company did not record the unsecured convertible note as an asset of the Company.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended August 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended August 31, 2022. The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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.

NEXCO RESOURCES INC.**Notes to the Condensed Interim Financial Statements****For the six month period ended February 28, 2023 and 2022***(Unaudited - Expressed in Canadian dollars)*

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS*Significant accounting judgments*

- i. the measurement of deferred income tax assets and liabilities;
- ii. the determination of categories of financial assets and financial liabilities
- iii. the evaluation of the Company's ability to continue as a going concern; and
- iv. 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.

5. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	Exploration costs	Total
	\$	\$	\$
Balance, August 31, 2022	1	-	1
No Activity	-	-	-
Balance, February 28, 2023	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. During the year ended August 31, 2021, the Company recorded an impairment charge of \$174,594 to reflect the uncertainty related to the Company's future work on the property.

6. CONVERTIBLE DEBENTURES

Balance outstanding, August 31, 2022	\$2,095,896
Adjustment to the carrying value at September 1, 2022	(\$78,702)
Accretion and interest	\$211,478
Balance outstanding, February 28, 2023	\$2,228,672

The convertible debentures were issued in three tranches as follows:

- 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.

NEXCO RESOURCES INC.**Notes to the Condensed Interim Financial Statements****For the six month period ended February 28, 2023 and 2022***(Unaudited - Expressed in Canadian dollars)***6. CONVERTIBLE DEBENTURES (continued)**

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 finders' 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 second tranche, the Company paid finders' 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%

- iii. On August 25, 2021, the Company announced it closed a third 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 third tranche will be subject to a hold period expiring December 26, 2021. In connection with the closing of the third tranche, the Company paid finders' fees in the amount of \$57,740 and issued 230,560 brokers' 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%

On August 9, 2022, the Company announced it entered into agreements to amend the maturity dates for the convertible debentures. All other terms of the convertible debentures remain the same. Amended maturity dates are 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
\$2,030,000			

NEXCO RESOURCES INC.**Notes to the Condensed Interim Financial Statements****For the six month period ended February 28, 2023 and 2022***(Unaudited - Expressed in Canadian dollars)*

6. CONVERTIBLE DEBENTURES (continued)

The Company recorded an adjustment of \$78,702 to reduce the carrying value of the convertible debentures to its fair value as at September 1, 2022 and was netted against accretion and interest expense for the period. During the six months ended February 28, 2023, the Company recorded accretion and interest expense of \$211,478 (2022 - \$242,501), which resulted in a net accretion and interest expense for the six months ended February 28, 2023 of \$132,776.

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").

7. SHARE CAPITAL**a) Authorized:**

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

b) Common Shares: Issued and Outstanding:

As at February 28, 2023, 35,862,666 (August 31, 2022 – 35,862,666) common shares were issued and outstanding.

c) Financings

During the six months ended February 28, 2023, the company did not issue any shares.

(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 six months ended February 28, 2023 the Company did not grant any stock options. As at February 28, 2023 there were no stock options outstanding.

(e) Warrants:

During the six months ended February 28, 2023, the Company did not issue any warrants.

NEXCO RESOURCES INC.
Notes to the Condensed Interim Financial Statements
For the six month period ended February 28, 2023 and 2022
(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The following table summarizes warrant transactions:

	Number of warrants	Weighted average exercise price
		\$
Outstanding, August 31, 2022	17,385,606	0.26
<i>No activity</i>	-	-
Outstanding, February 28, 2023	17,385,606	0.26

On January 12, 2023, the Company announced that 7,205,340 warrants expiring on December 31, 2022 were extended to December 31, 2024 and 6,131,666 warrants expiring on January 20, 2023 were extended to January 20, 2025.

The following table summarizes the warrants outstanding and exercisable as at February 28, 2023:

Warrant Exercise price	# of Warrants Issued	# of Warrants Exercisable	Expiry date
\$ 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
\$ 0.30	6,211,500	6,211,500	December 31, 2024
\$ 0.20	993,840	993,840	December 31, 2024
\$ 0.30	5,288,333	5,288,333	January 20, 2025
\$ 0.20	843,333	843,333	January 20, 2025
	17,385,606	17,385,606	

8. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management 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 during the six months ended February 28:

	2023	2022
	\$	\$
Consulting fees - CEO	60,000	60,000

As at February 28, 2023 there is \$Nil (August 31, 2022 - \$Nil) in accounts payable and accrued liabilities owing to related parties of the Company. As at February 28, 2023, there is \$27,032 (August 31, 2022 - \$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.

9. 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.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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;

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 February 28, 2023 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	57,569	-	-	57,569

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, 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.

NEXCO RESOURCES INC.**Notes to the Condensed Interim Financial Statements****For the six month period ended February 28, 2023 and 2022***(Unaudited - Expressed in Canadian dollars)*

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

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.

(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