NEXCO RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
MAY 31, 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 nine months ended May 31, 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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

		As at May 31, 2023		As at August 31, 2022
Assets				
Current				
Cash	$	20,791	$	165,147
Prepaid expenses		-		10,500
Amounts receivable (Note 8)		13,671		73,119
		34,462		248,766
Exploration and Evaluation Asset (Note 5,11)		1		1
	$	34,463	$	248,767
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 8)		79,194		60,909
Convertible debentures (Note 6,11)		2,344,606		2,095,896
		2,423,800		2,156,805
Equity				
Share Capital (Note 7,11)		3,974,690		3,974,690
Contributes surplus		796,195		796,195
Deficit		(7,160,222)		(6,678,923)
		(2,389,337)		(1,908,038)
	$	34,463	$	248,767

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 11)

Approved and authorized for issue on behalf of the Board on July 31, 2023.

/s/ "Zayn Kalyan", Director
Zayn Kalyan

/s/ "Geoff Balderson", Director
Geoff Balderson

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

NEXCO RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023 $	**2022 $**	**2023 $**	**2022 $**
General and administration				
Accretion and interest (Note 6)	115,934	135,609	248,710	378,110
Consulting fees	35,599	65,982	135,749	158,736
Office and general	(15)	514	738	6,475
Professional fees	8,324	6,572	25,693	49,379
Rent	9,000	8,680	27,000	53,437
Transfer agent and filing fees	2,900	3,532	12,507	11,709
Travel	-	-	3,870	4,123
	(171,742)	(220,889)	(454,267)	(661,969)
Other items				
Write-down of receivables (Note 8)	(27,032)	-	(27,032)	-
Net and comprehensive loss	(198,774)	(220,889)	(481,299)	(661,969)
Basic and Diluted Loss Per Common Share	(0.01)	(0.01)	(0.01)	(0.02)
Weighted Average Number of Common Shares Outstanding	35,862,666	35,745,999	35,862,666	35,656,622

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

NEXCO RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022
(Unaudited - Expressed in Canadian dollars)

Nine Months Ended May 31, 2022

	Common Shares				
	# of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Equity**
Balance, September 1, 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 period	-	-	-	(661,969)	(661,969)
Balance, May 31, 2022	35,862,666	$ 3,974,690	$ 796,195	$ (2,320,790)	$ 2,450,095

Nine Months Ended May 31, 2023

	Common Shares				
	# of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Equity**
Balance, September 1, 2022	35,862,666	$ 3,974,690	$ 796,195	$ (6,678,923)	$ (1,908,038)
Net loss for the period	-	-	-	(481,299)	(481,299)
Balance, May 31, 2023	35,862,666	$ 3,974,690	$ 796,195	$ (7,160,222)	$ 2,389,337

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

NEXCO RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MAY 31, 2023 AND 2022
(Unaudited - Expressed in Canadian dollars)

	Nine Months Ended May 31,	
	2023 **$**	**2022** **$**
Cash Flows from Operating Activities		
Net loss for the period	(481,299)	(661,969)
Items not involving cash:		
Accretion and interest	248,710	378,110
Write-down of receivables	27,032	-
Changes in non-cash working capital items		
Decrease (increase) in prepaid expenses	10,500	(500)
Decrease (increase) in accounts receivable	32,416	(12,734)
Increase (decrease) in accounts payable and accrued liabilities	18,285	(3,016)
	(144,356)	(300,109)
Cash Flows from Financing Activities		
Exercise of warrants	-	50,000
Change in Cash During the Period	(144,356)	(250,109)
Cash, Beginning of Period	165,147	712,674
Cash, End of Period	20,791	462,565
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. During the nine months ended May 31, 2023, the Company was unable to maintain its minimum listing requirements with the Canadian Securities Exchange (the “CSE”) relating to its Berger Property asset (Note 5) and on March 24, 2023, the Company resumed trading on the Canadian Securities Exchange under the symbol ‘NXU.X’.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. 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 Berger property (Note 5). On June 30, 2023, the Company’s Berger property mineral claims consisting of 1,178.04 hectares were forfeited by the Company.

As at May 31, 2023, the Company had a deficit of $7,160,222 (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.

<u>Termination of Proposed Transaction with Soter Technologies, LLC</u>

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”). 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.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.

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.

(Unaudited - Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	Exploration costs	Total
	$	$	$
Balance, August 31, 2022	1	-	1
No Activity	-	-	-
Balance, May 31, 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. Subsequent to the nine months ended May 31, 2023, the Company's Berger Property mineral claims consisting of 1,178.04 hectares were forfeited by the Company on June 30, 2023 (Note 11).

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	$327,412
Balance outstanding, May 31, 2023	$2,344,606

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.

   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%

(Unaudited - Expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

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 (Note 11). 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			

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 nine month period ended May 31, 2023. During the nine months ended May 31, 2023, the Company recorded accretion and interest expense of $327,412 which resulted in a net accretion and interest expense for the nine months ended May 31, 2023 of $248,710 (2022 - $378,110).

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;

(Unaudited - Expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

(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”).

* these convertible debentures matured on their respective dates (Note 11)

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 May 31, 2023, 35,862,666 (August 31, 2022 – 35,862,666) common shares were issued and outstanding.

c) Financings

During the nine months ended May 31, 2023, the company did not issue any shares. During the nine months ended May 31, 2022, 250,000 warrants were exercised for $50,000.

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 nine months ended May 31, 2023 the Company did not grant any stock options. As at May 31, 2023 there were no stock options outstanding.

e) Warrants:

During the nine months ended May 31, 2023, the Company did not issue any warrants. The following table summarizes warrant transactions:

	Number of warrants	**Weighted average exercise price**
		$
Outstanding, August 31, 2022	17,385,606	0.26
No activity	-	-
Outstanding, May 31, 2023	17,385,606	0.26

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

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 May 31, 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	

* These warrants expired unexercised subsequent to May 31, 2023 (Note 11).

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 nine months ended May 31:

	2023	2022
	$	$
Consulting fees - CEO	90,000	90,000

As at May 31, 2023 there is $10,500 (August 31, 2022 - $Nil) in accounts payable and accrued liabilities owing to related parties of the Company. During the nine months ended May 31, 2023, the Company wrote-down $27,032 receivable from a company with common management personnel due to the uncertainty of recovering the balance. As at May 31, 2023, there is $Nil (August 31, 2022 - $27,032) recorded in accounts receivable from related parties.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject.

9. MANAGEMENT OF CAPITAL (continued)

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

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 May 31, 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	20,791	-	-	20,791

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.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (continued)

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 any 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.

11. SUBSEQUENT EVENTS

1. The Company's Berger property mineral claims consisting of 1,178.04 hectares were forfeited on June 30, 2023;
2. $350,000 in principal amounts of convertible debentures matured on July 20, 2023;
3. $959,500 in principal amounts of convertible debentures matured on July 30, 2023;
4. 112,000 warrants with an exercise price of $0.25 expired unexercised on July 20, 2023; and
5. 307,040 warrants with an exercise price of $0.25 expired unexercised on July 30, 2023.