NEXCO RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

AUGUST 31, 2023 AND 2022

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

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, 2023 and 2022, 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.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, 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.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
December 18, 2023

NEXCO RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2023 AND 2022
(Expressed in Canadian dollars)

	Note	2023	2022
		$	$
ASSETS			
CURRENT			
Cash		6,454	165,147
Prepaid expenses	10	-	10,500
Amounts receivable	10	17,545	73,119
		23,999	248,766
EXPLORATION AND EVALUATION ASSET	6	-	1
		23,999	248,767
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	10	116,822	60,909
Note payable	7	30,066	-
Convertible debentures	8	2,449,624	2,095,896
		2,596,512	2,156,805
DEFICIENCY			
SHARE CAPITAL	9	3,974,690	3,974,690
CONTRIBUTED SURPLUS	8,9	796,195	796,195
DEFICIT		(7,343,398)	(6,678,923)
		(2,572,513)	(1,908,038)
		23,999	248,767

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved and authorized for issue on behalf of the Board on December 18, 2023:

/s/ "Zayn Kalyan"
Director

/s/ "Leighton Bocking"
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, 2023 AND 2022
(Expressed in Canadian dollars)

	Note	**2023**	**2022**
		$	$
EXPENSES			
Accretion and interest on convertible debentures	8	353,728	417,932
Consulting fees	10	171,067	224,769
Office and general		1,266	6,811
Professional fees		56,104	59,116
Rent		36,000	62,437
Transfer agent and filing fees		15,407	14,159
Travel		3,870	14,732
		(637,442)	(799,956)
OTHER ITEMS			
Impairment of advances	5	-	(4,318,870)
Gain on modification of convertible debentures	8	-	98,724
Write-down of exploration and evaluation assets	6	(1)	-
Write-down of receivables	10	(27,032)	-
NET LOSS AND COMPREHENSIVE LOSS		(664,475)	(5,020,102)
LOSS PER SHARE – Basic and diluted*		(0.02)	(0.14)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		35,862,666	35,707,871

* As at August 31, 2023, the Company had not converted any of its convertible debentures which matured during the year. Pursuant to the convertible debenture agreement, the number of shares to be converted will not be known until such time as the conversion takes place as the convertible debenture agreements state interest accrues up until time of conversion, regardless of the maturity date. The debenture holder has the option to convert in whole or in part upon written notification to the Company.

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
	#	$	$	$	$
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)
Net loss for the year	-	-	-	(664,475)	(664,675)
Balance, August 31, 2023	35,862,666	3,974,690	796,195	(7,343,398)	(2,572,513)

The accompanying notes are an integral part of these financial statements

NEXCO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022
(Expressed in Canadian dollars)

	2023	**2022**
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(664,475)	(5,020,102)
Items not involving cash:		
Accretion and interest	353,728	417,932
Impairment of advances	-	4,318,870
Gain on modification of convertible debentures	-	(98,724)
Write-down of exploration and evaluation assets	1	-
Write-down of receivables	27,032	-
Interest on note payable	66	-
Changes in non-cash working capital balances:		
Prepaid expenses	10,500	(500)
Amounts receivable	28,542	(17,578)
Accounts payable and accrued liabilities	55,913	(3,021)
Cash used in operating activities	(188,693)	(403,123)
INVESTING ACTIVITIES		
Advances	-	(194,404)
Cash used in investing activities	-	(194,404)
FINANCING ACTIVITIES		
Proceeds from note payable	30,000	-
Common shares issued for cash	-	50,000
Cash provided by financing activities	30,000	50,000
CHANGE IN CASH	(158,693)	(547,527)
CASH, BEGINNING OF YEAR	165,147	712,674
CASH, END OF YEAR	6,454	165,147
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid and income tax paid	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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. During the year ended August 31, 2021, the Company wrote-down its Berger Property to $1. During the year ended August 31, 2023, due to insufficient working capital the Company did not renew its mineral claims and thereby forfeited its mineral claims relating to the Berger Property (Note 6). The mineral claims expired on June 30, 2023 and as at August 31, 2023, the Company did not have any ownership interest relating to mineral property claims or assets. On March 23, 2023, the Canadian Securities Exchange (the "Exchange") issued a bulletin stating the Company no longer met the Exchange's continued listing requirements and the Company resumed trading under the new symbol 'NXU.X' on March 24, 2023.

Transaction with Soter and SymptomSense including Bridge Loan

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"), the parent company of SymptomSense and 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 had 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"). 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.

Pursuant to the transaction with Soter and SymptomSense, the Company advanced a total of USD $3,450,000 ("Bridge Loan") to Soter and 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.

Convertible Note (SymptomSense and Soter)

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 (Note 5), Soter issued to the Company an unsecured subordinated convertible note in the principal amount of US$3,250,000 (the "Soter Convertible Note"). The Soter Convertible Note 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 (Note 14). 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 Soter Convertible Note 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 15 days prior written notice of its intention to effect such registration.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Concurrent with the issuance of the Soter Convertible Note, 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 Soter Convertible Note, the Company did not record the Soter Convertible Note or any accrued interest as an asset of the Company.

Going Concern

As at August 31, 2023, the Company had a working capital deficiency of $2,572,513 and a deficit of $7,343,398 (2022 – $6,678,923). To date, the Company 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 sufficient to cover its operating costs. The Company is subject to various material risks and uncertainties that could impact its ability to continue as a going concern and affect the realization of its assets and discharge its liabilities in the normal course of business. Management has evaluated these uncertainties and believe the following are the most significant:

1) *Convertible Note – Soter and SymptomSense* - During the year ended August 31, 2023, in exchange for total advances of USD $3,450,000 to Soter and SymptomSense, including any accrued interest to Feb 28, 2023, the Company received a convertible note from Soter in the amount of $3,250,000 ("Convertible Note"). Due to various factors, including historical defaults and non-payment, the Company wrote-down the advances to $Nil and did not record the convertible note, or any applicable accrued interest, as an asset on the statement of financial position as at August 31, 2023. There is material uncertainty as to the collectability, in whole or in part, of the Convertible Note and may materially impact the Company's liquidity position;

2) *Mineral claims - Berger Property* - During the year ended August 31, 2023, the Company was not in a financial position to renew its Berger Property mineral claims, and on June 30, 2023, forfeited such mineral claims. The Berger Property mineral claims were purchased through an option agreement whereby the optionor would retain a 2% Net Smelter Returns royalty ("NSR") on the Property. There is uncertainty as it relates to any resolution, or enforcement of any potential rights by the optionor, regarding the NSR, which may materially impact the Company's liquidity position; and

3) *Debt - Convertible Debentures* – As at August 31, 2023, the Company had a significant debt obligation of $2,449,624 relating to convertible debenture agreements. Pursuant to the convertible debenture agreements, the debentures were to automatically convert into units of the Company on their maturity dates, which occurred on or before August 25, 2023. Pursuant to the agreements, the debenture holders are required to notify the Company in writing regarding any default by the Company and their right to demand the obligation as due immediately. As at August 31, 2023, the Company has not received the required written notification and continues discussions with the debenture holders regarding timing of any conversion or some other resolution. There can be no assurance that terms will be renegotiated which may adversely affect the Company's liquidity position.

   These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 18, 2023.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

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 statement of financial position 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”).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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;

ii. the assessment concerning collection or conversion of convertible notes; and

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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 of receivables and convertible notes.

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. ADVANCES AND CONVERTIBLE NOTE

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, 2021, the Company advanced a principal amount of $4,124,466 (USD $3,300,000) to the Target and during the year ended August 31, 2022, the Company advanced a principal amount of $194,404 (USD $150,000) 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 had until February 17, 2022 to cure their default. Soter and SymptomSense did not make payment and 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. The Company continued negotiations with Soter and SymptomSense and 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 Soter Convertible Note 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 (Note 14). Due to the uncertainty of recovering the amount due, including accrued interest that has never been collected pursuant to the Soter Convertible Note, the Company did not record the Soter Convertible Note or any accrued interest as an asset of the Company.

(Expressed in Canadian dollars)

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
Write-down	(1)	-	(1)
Balance, August 31, 2023	-	-	-

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 two 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 five-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 for the Berger Property due to the uncertainty of any future work being incurred on the property. During the year ended August 31, 2023, the Company did not renew and thereby forfeited its mineral claims relating to the Berger Property due to insufficient working capital and no anticipation of future work on progressing the mineral property. The mineral claims for the Berger Property expired on June 30, 2023.

7. NOTE PAYABLE

On August 15, 2023, the Company received $30,000 in the form of a promissory note (the “Promissory Note”) from a third party (Note 14). The Promissory Note has a maturity date of February 28, 2024 and accrues interest at a rate of 5% per annum and compounds monthly. During the year ended August 31, 2023, the Company recorded $66 (2022 - $Nil) in interest expense related to the Promissory Note.

8. 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	417,932
Balance outstanding, August 31, 2022	2,095,896
Accretion and interest	353,728
Balance outstanding, August 31, 2023	$ 2,449,624

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBENTURES (continued)

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%

iii. On August 25, 2021, the Company announced it closed a third and final 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 26, 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%

All convertible debentures of the Company 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 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 30, 2021	July 30, 2022	July 30, 2023
$720,500	August 25, 2021	August 25, 2022	August 25, 2023
$2,030,000			

8. CONVERTIBLE DEBENTURES (continued)

At the Maturity Date, the outstanding convertible 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;

(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”).

All convertible debentures matured on their respective dates. As at August 31, 2023, the Company had not converted the debentures to common shares and is in default of the agreement. Pursuant to the debenture agreements, the debenture holder must notify in writing to the Company that the Company is in default and that the obligation is immediately due and payable. As at August 31, 2023, the Company has not received the required written notification and continues its discussions with the debenture holders regarding timing of any conversion or some other resolution.

During the year ended August 31, 2023, the Company recorded accretion and interest expense of $353,728 (2022 - $417,932).

9. 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, 2023 – 35,862,666 (2022 – 35,862,666) common shares were issued and outstanding.

c) Financing:

During the year ended August 31, 2023, the Company did not complete any financings and did not issue any common shares. 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.

(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.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

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, 2023 and 2022, the Company did not grant any stock options. As at August 31, 2023 and 2022, the Company did not have any stock options outstanding.

(e) Warrants:

During the years ended August 31, 2023 and 2022, the Company did not issue any warrants. 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. All other terms remain unchanged.

During the year ended August 31, 2022, the Company 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 to June 16, 2022. All other terms remain unchanged. On June 16, 2022, 4,019,500 warrants expired unexercised.

The following table summarizes warrant transactions:

	Number of warrants	**Weighted average exercise price**
		$
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
Expired	(649,600)	(0.25)
Outstanding, August 31, 2023	16,736,006	0.26

The following table summarizes the warrants outstanding and exercisable as at August 31, 2023:

Exercise price	**Number of warrants**	**Exercisable**	**Expiry date**
$ 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
$ 0.15	3,399,000	3,399,000	October 16, 2023*
	16,736,006	16,736,006	

* Subsequent to the year ended August 31, 2023, the Company announced that the 3,399,000 warrants expiring on October 16, 2023 were amended with a new expiry date of October 16, 2025. All other terms of the warrants remain unchanged.

(Expressed in Canadian dollars)

10. 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:

	2023	**2022**
	$	$
Consulting fees	120,000	120,000

As at August 31, 2023 there is $40,500 (2022: $Nil) in accounts payable and accrued liabilities owing to the CEO of the Company. Amounts due to the related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

As at August 31, 2023, there was $Nil (2022 - $10,500) recorded in prepaid expenses as a prepayment of consulting fees of the CEO.

During the year ended August 31, 2023, the Company wrote-down a receivable in the amount of $27,032 from a company with common management personnel as it was deemed uncollectible. As at August 31, 2023 there is $Nil (2022: $27,032) recorded in accounts receivable owing from a company with common management personnel. Amounts receivable from related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

11. INCOME TAXES

The Company has losses carried forward of $2,816,294 available to reduce income taxes in future years which expire in 2043.

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.

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

	2023	**2022**
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	(179,399)	(1,355,428)
Effect of income taxes of:		
Permanent difference and other items	7,299	1,140,312
Change in deferred tax assets not recognized	172,100	215,116
Deferred income tax recovery	-	-

(Expressed in Canadian dollars)

11. INCOME TAXES (continued)

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

	2023	**2022**
	$	$
Non-capital loss carry forwards	760,399	571,089
Share issuance costs	29,783	46,993
Mineral properties	581	581
Convertible debentures	14,419	14,419
Deferred tax assets not recognized	(805,182)	(633,082)
	-	-

12. 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.

13. 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;

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, 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	6,454	-	-	6,454

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities 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.

(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.

14. SUBSEQUENT EVENTS

1) On October 13, 2023, the Company announced the extension of the warrant expiry date for the holders of 3,399,000 warrants issued on October 16, 2020. The new expiry date is October 16, 2025. All other terms of the warrants remain unchanged (Note 9);

2) On November 15, 2023, the Company received an additional $30,000 in the form of a promissory note dated November 8, 2023 from a third party. The Promissory Note has a maturity date of February 28, 2024 and accrues interest at a rate of 5% per annum and compounds monthly (Note 7); and

3) On December 7, 2023, the Company's legal counsel sent a demand letter notifying Soter that the Convertible Note is in default and that the full amount of the indebtedness of USD $3,250,000, plus accrued interest, has become immediately due and payable and has until December 15, 2023 to make payment in full (Note 5).