RAIN CITY RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Rain City Resources Inc.

Opinion on the Financial Statements

We have audited the accompanying financial statements of Rain City Resources Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, 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 audit 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 audit 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 appropriate to provide a 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.

Other Information

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis 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 audit 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 these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
January 28, 2022

RAIN CITY RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30
(Expressed in Canadian dollars)

	2021 $	2020 $
ASSETS		
CURRENT		
Cash	64,332	107,727
Amounts receivable	19,446	5,286
Due from a director (Note 5)	7,500	-
Marketable securities (Note 6)	638,080	-
Loans receivable (Note 7)	-	35,000
	729,358	148,013
Exploration and evaluation assets (Note 8)	704,370	176,680
	1,433,728	324,693
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	81,830	15,396
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	2,241,028	761,568
Contribution surplus	58,165	58,165
Deficit	(947,295)	(510,436)
Total equity attributable to shareholders of the company	1,351,898	309,297
	1,433,728	324,693

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

Approved and authorized for issue on behalf of the Board on January 28, 2022

Christopher Reynolds Director *Justin Corinella* Director

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

RAIN CITY RESOURCES INC.
STATEMENTS OF COMPREHENSIVE INCOME AND LOSS
FOR THE YEARS ENDED SEPTEMBER 30
(Expressed in Canadian dollars)

	2021 **$**	**2020** **$**
EXPENSES		
Accounting fees	23,703	59,732
Advertising	5,153	-
Bank charges	2,945	324
Investor communications	-	3,500
Legal fees	13,656	20,250
Management fees	56,000	20,500
Office	69	3,612
Professional fees	185,492	-
Rent	15,847	20,552
Transfer agent and filing fees	12,121	14,976
Travel	1,887	13,361
	316,873	156,807
LOSS BEFORE OTHER ITEMS	(316,873)	(156,807)
OTHER ITEMS		
Interest income	3,013	210
Write off mineral property (Note 6)	-	(21,500)
Loss on settlement of debt	-	(12,090)
Realized loss on sale of marketable securities	(127,553)	-
Unrealized loss on marketable securities	4,554	-
	(119,986)	(33,380)
NET LOSS AND COMPREHENSIVE LOSS	(436,859)	(190,187)
LOSS PER COMMON SHARE (basic and diluted)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	29,635,391	13,966,518

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

RAIN CITY RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, September 30, 2019	11,950,001	422,504	56,389	(320,249)	158,644
Shares issued for cash	5,250,000	262,500	-	-	262,500
Shares issuance costs	-	(5,000)	-	-	(5,000)
Fair value of broker warrants issues	-	(1,776)	1,776	-	-
Share issued for debt	1,209,000	72,540	-	-	72,540
Warrants exercised	180,000	10,800	-	-	10,800
Net loss for the year	-	-	-	(190,187)	(190,187)
Balance, September 30, 2020	18,589,001	761,568	58,165	(510,436)	309,297
Balance, September 30, 2020	18,589,001	761,568	58,165	(510,436)	309,297
Shares issued for mineral property	200,000	17,000	-	-	17,000
Shares issued for cash	16,050,000	852,500	-	-	852,500
Shares issued for investments	9,000,000	375,000	-	-	375,000
Share issuance costs	-	(2,700)	-	-	(2,700)
Warrants exercised	3,956,600	237,660	-	-	237,660
Net loss for the year	-	-	-	(436,859)	(436,859)
Balance, September 30, 2021	47,795,601	2,241,028	58,165	(947,295)	1,351,898

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

RAIN CITY RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30
(Expressed in Canadian dollars)

	2021 $	2020 $
OPERATING ACTIVITIES		
Net loss for the year	(436,859)	(190,187)
Items not involving cash:		
Realized loss on sale of marketable securities	127,553	-
Unrealized gain on marketable securities	(4,554)	-
Write off of mineral property	-	21,500
Loss on settlement of debt	-	12,090
Changes in non-cash working capital balances:		
(Increase) decrease in amounts receivable	(14,160)	8,920
Increase in due from a director	(7,500)	-
Increase in accounts payable and accrued liabilities	66,435	38,729
Cash used in operating activities	(269,086)	(108,948)
INVESTING ACTIVITIES		
Purchase of marketable securities	(1,256,821)	-
Proceeds on sale of marketable securities	870,742	-
Exploration and evaluation assets	(510,690)	(21,500)
Cash used in investing activities	(896,769)	(21,500)
FINANCING ACTIVITIES		
Issuance of shares	1,090,160	273,300
Share issuance costs	(2,700)	(5,000)
Loan receivable	35,000	(35,000)
Cash provided by financing activities	1,122,460	233,300
(DECREASE) INCREASE IN CASH	(43,395)	102,852
CASH, BEGINNING OF YEAR	107,727	4,875
CASH, END OF YEAR	64,332	107,727

SUPPLEMENT CASH FLOW INFORMATION (Note 154)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Rain City Resources Inc. (the “Company”) was incorporated on June 23, 2015 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is Suite 3043-595 Burrard Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2021, the Company had not yet determined whether the Company’s mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 September 30, 2021, the Company had a deficit of $947,295 (2020 – $510,436), which has been funded by the issuance of 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.

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 January 28, 2022.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash equivalents

Cash equivalents in the statements of financial position is comprised of short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) 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 payments 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 year for changes in the underlying share price.

The fair value of warrants issued to agents in connection with private placements ("Agent Warrants") is recognized on the date of issue as a share issue cost. The Company uses the Black Scholes option pricing model to estimate the fair value of Agent Warrants issued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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.

g) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

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

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

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

h) 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 year. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share issuance 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 expensed.

j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

k) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial instruments

Financial Assets
On initial recognition financial assets are classified as measured at:
i. Amortized cost;
ii. Fair value through profit and loss ("FVTPL"); and
iii. Fair value through other comprehensive income ("FVOCI").

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 year following the change in the business model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

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 rate method.

The Company's amount due from a director and loans receivable are classified at amortized cost.

ii. FVOCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL
Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the year in which it arises.

The Company's cash and marketable securities are classified at FVTPL.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

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 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 year. 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 year in which the estimate is revised and future years if the revision affects both current and future years. 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 determination of categories of financial assets and financial liabilities;
ii. the evaluation of the Company's ability to continue as a going concern; and
iii. the measurement of deferred income tax assets and liabilities

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company adopted the following new standards effective October 1, 2019:

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new Standards and determined that there are no standards that are expected to have a material impact on the Company.

5. DUE FROM A DIRECTOR

The amount due from a director is non-interest bearing, has no set repayment terms and is unsecured.

6. MARKETABLE SECURITIES

The Company holds common shares and warrants in various public companies. The common shares are classified as FVTPL and are recorded at fair value using the quoted market price as at September 30, 2021 and are therefore classified as Level 1 within the fair value hierarchy.

The warrants are classified as FVTPL and are recorded at fair value using a Black-Scholes option pricing model using observable inputs and are therefore classified as Level 2 within the fair value hierarchy. The Company currently does not own any warrants.

(Expressed in Canadian dollars)

6. MARKETABLE SECURITIES (continued)

Continuity for the year ended September 30, 2021

	Balance September 30, 2020	Additions	Proceeds of Disposition	Realized gain (loss) on disposals	Cost Balance September 30, 2021	Unrealized gain (loss) on changes in fair value	Balance September 30, 2021
Common shares – Level 1	$	$	$	$	$	$	$
Blocplay Management Inc.	-	212,935	(171,881)	44,389	-	-	-
Coupour Minerals	-	100,058	(85,890)	(14,168)	-	-	-
Crest Resources Inc.	-	545,646	-	-	545,646	(24,066)	521,580
Essex Minerals Inc.	-	101,103	(53,425)	(7,505)	-	-	-
Jessy Ventures Inc.	-	52,500	-	-	52,500	35,000	87,500
Origen Resources Inc.	-	180,000	(213,606)	(25,867)	-	-	-
Opawica Explorations Inc.	-	35,380	(40,063)	(110)	35,380	(6,380)	29,000
Playground Ventures Inc.	-	353,270	(234,898)	(118,372)	-	-	-
Vertical Exploration Inc.	-	50,930	(45,010)	(5,920)	-	-	-
Total	-	1,631,821	(870,742)	(127,553)	633,526	4,554	638,080

(Expressed in Canadian dollars) (Unaudited)

7. LOANS RECEIVABLE

Pursuant to a loan agreement dated September 9, 2020, between the Company as lender and Orogenic Regional Exploration Ltd. ("ORE") as borrower, the Company agreed to lend up to $35,000 (the "Loan") to ORE on terms that the Loan plus accrued interest at 10.0% per annum shall be payable on demand after September 9, 2021. On June 19, 2021, ORE has repaid $5,000 to the Company. On August 26, 2021 ORE has fully settled the loan.

During the year ended September 30, 2021, the Company advanced $5,000 to 1310965 B.C. Ltd. The amount is due on demand, unsecured and non-interest-bearing. The loan has been fully repaid on August 26, 2021.

8. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, September 30, 2019	20,000	156,680	176,680
Acquisition and exploration costs	20,000	1,500	21,500
Write off of mineral property	(20,000)	(1,500)	(21,500)
Balance, September 30, 2020	20,000	156,680	176,680
Acquisition and exploration costs	547,000	-	547,000
BC Mining Credit	-	(19,310)	(19,310)
Balance, September 30, 2021	567,000	137,370	704,370

Northern Champion Project

Pursuant to an option agreement (the "Agreement") dated October 25, 2016, the Company was granted an option to acquire a 100% undivided interest in the Northern Champion Project (the "Property") located near Champion Creek, south-west of Tulameen, Princeton area British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 700,000 common shares of the Company to the Optionors, making cash payments totaling $130,000, and incurring a total of $650,000 in exploration expenditures as follows:

	Number of Common Shares	**Cash**	**Exploration Expenditure**
		$	$
Upon execution of the Agreement (paid and incurred)	-	5,000	75,000**
Upon listing of the Company's common shares on a Canadian Stock Exchange (issued and paid)	100,000	5,000	-
On or before the first anniversary of the Listing (issued paid, and incurred)	100,000	10,000	75,000
On or before the second anniversary of the Listing (issued and paid)	100,000	20,000	100,000
On or before the third anniversary of the Listing	200,000	40,000	200,000
On or before the fourth anniversary of the Listing	200,000	50,000	200,000
Total	700,000	130,000	650,000

** the $75,000 is for the first year from the execution date.

8. EXPLORATION AND EVALUATION ASSET (continued)

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production. As at September 30, 2021, the Company had incurred some exploration expenditure that were due on or before second anniversary of the listing on April 25, 2019, but not the entire $100,000.

On January 26, 2021, the Company had paid the $10,000 in cash and issued 100,000 common shares that were due on or before the first anniversary of the listing on April 25, 2019.

On May 21, 2021, the Company had issued 100,000 common shares that was due on or before the second anniversary of the listing on April 25, 2019.

On May 26, 2021, the Company had paid the $20,000 in cash that was due on or before the second anniversary of the listing on April 25, 2019.

Bro Property

Pursuant to an agreement dated April 21, 2021, the Company acquired an option to purchase a 100% interest in four mineral claims located in Yukon, collectively known as the Bro Property for an aggregate consideration of CAD $3,000,000. The Optionors will retain a 3% Net Smelter Returns royalty on the Property.

Payments in cash or stock to comprise a total CAD$2,500,000 as to the following:

- CAD$500,000 payable within 30 days of signing
- CAD$500,000 payable on the first anniversary
- CAD$500,000 payable on the second anniversary
- CAD$1,000,000 payable on the third anniversary

Payments in cash to comprise a total CAD$500,000 as to the following:

- CAD$100,000 payable within 30 days of signing
- CAD$100,000 payable on the first anniversary
- CAD$100,000 payable on the second anniversary
- CAD$200,000 payable on the third anniversary

On April 26, 2021, the Company had paid the $500,000 in cash that was due on within 30 days signing of the agreement.

During the year ended September 30, 2021 the Company received $19,310 in respect of the BC mining tax credit (2020: $Nil).

9. SHARE CAPITAL

a) Authorized:

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

b) Escrow Shares:

The Company entered into an escrow agreement, whereby 1,500,001 common shares will be held in escrow and are scheduled for release in accordance with the terms of the escrow agreement.

c) Issued and Outstanding as at September 30, 2021 – 47,795,601 (2020 – 18,589,001) common shares.

For the year ended September 30, 2021, the Company had the following share capital transactions:

(i) On May 6, 2021, The Company completed a non-brokered private placement to raise gross proceeds of $752,500 through the sales of 15,050,000 units priced at $0.05 per unit. Each Unit consists of one common share and one share purchase warrant of the Company. Each Warrant will entitle the holder to purchase one common share of the Company at a price of $0.075 per Warrant Share.

(ii) On May 21, 2021, the Company acquired 3,000,000 Crest Resources Inc. common shares at a price of $0.125. In exchange, the Company issued 9,000,000 common shares at a price of $0.042.

(iii) On May 21, 2021, the Company issued 100,000 common shares with a fair value of $0.10 per common share for a total of $10,000 pursuant to the Northern Champion Property option agreement disclosed in Note 8.

(iv) On May 28, 2021, the Company issued 3,150,000 common shares through the exercise of 3,150,000 share purchase warrants priced at $0.06 per share for gross proceeds of $189,000.

On June 9, 2021, the Company issued 700,000 common shares through the exercise of 700,000 share purchase warrants priced at $0.06 per share for gross proceeds of $42,000.

(v) On June11, 2021, the Company issued 100,000 common shares through the exercise of 100,000 share purchase warrants priced at $0.06 per share for gross proceeds of $6,000.

(vi) On June 6, 2021, the Company issued 6,600 common shares through the exercise of 6,600 broker warrants priced at $0.10 per share for gross proceeds of $660.

(vii) On May 6, 2021, The Company completed a non-brokered private placement to raise gross proceeds of $100,000 through the sales of 1,000,000 common shares priced at $0.10 per common share.

(Expressed in Canadian dollars) (Unaudited)

9. SHARE CAPITAL (continued)

For the year ended September 30, 2020, the Company had the following share capital transactions:

(i) The Company issued 5,250,000 units at a price of $0.05 per unit. Each unit consists of one common share of the Company and one share purchase warrant with each warrant exercisable at a price of $0.06 per share for a period of one year from the date of issuance. Pursuant to the private placement, the Company paid share issuance cost of $5,000 and issued 100,000 broker warrants. The fair value of the broker warrants was $1,776 and was estimated using the Black-Scholes pricing model with the following assumptions:

	2020
Risk free interest rate	0.27%
Expected life	1 year
Expected volatility	115%
Expected dividends	0%

(ii) The Company issued 180,000 common shares upon the exercise of warrants at a price of $0.06 per common share for gross proceeds of $10,800.

(iii) The Company issued 1,209,000 common shares as settlement of debt in the amount of $60,450 resulting in an unrealized loss of $12,090.

d) Warrants:

During the year ended September 30, 2020, the Company issued 5,250,000 warrants and 100,000 broker warrants in relation to the private placement noted in Note 7 (c), of which 180,000 warrants were exercised at a price of $0.06.

	Number of warrants		**Exercise price**	**Expiry date**
Balance, September 30, 2019	320,000	$	0.10	-
Issuance	5,350,000		0.06	June 11,
Exercised	(180,000)		0.06	-
Balance, September 30, 2020	5,490,000		0.06	
Issuance	15,050,000		0.075	May 6, 2027
Exercised	(3,950,000)		0.06	
Exercised	(6,600)		0.10	
Balance, September 30, 2021	16,583,400	$	0.06	

The following assumptions were used for the Black-Scholes valuation of warrants issued:

2020	
Share price	$0.15
Risk free interest rate	0.25%
Expected life	1 year
Dividend rate	0%
Annual volatility	115%

The fair value per agent's warrant issued is $0.11

(Expressed in Canadian dollars) (Unaudited)

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.

Management fees and share-based payments were incurred from a director and a company owned by a director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the year ended September 30, 2021, the Company incurred $7,500 (2020 -$Nil) in consulting fee to a director. As at September 30, 2021, an amount of $3,500 (2020 - $Nil) included in accounts payable was due to companies controlled by the CFO of the Company.

During the year ended September 30, 2021, the Company incurred $18,835 (2020 -$Nil) in professional fees related to a company controlled by the CFO. As at September 30, 2021, an amount of $13,052 (2020 - $Nil) included in accounts payable was due to companies controlled by the CFO of the Company.

As at September 30, 2021, an amount of $7,500 (2020 - $Nil) included in amounts receivable was due from the director of the Company.

The Company and Crest Resources Inc. (Note 6) share a common officer.

The Company had incurred the following key management personnel cost from related parties:

	2021	2020
	$	$
Management fees	56,000	9,000

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

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

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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).

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments

The Company's cash and marketable securities are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short years of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2021 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	64,332	-	-	64,332
Marketable securities	638,080	-	-	638,080

Financial risk management objectives and policies

The Company's financial instruments include cash and marketable securities. 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.

(Expressed in Canadian dollars) (Unaudited)

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

13. INCOME TAXES

The Company has losses carried forward of approximately $476,000 available to reduce income taxes in future years which expire between 2037 and 2040.

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:

	2021	**2020**
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	(117,945)	(51,350)
Effect of income taxes of:		
Change in rate and others	5,069	1,434
Change in deferred tax assets not recognized	112,876	49,916
Deferred income tax recovery	-	-

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

	2021	**2020**
	$	$
Non-capital loss carry forwards	251,871	128,601
Mineral properties	-	5,805
Shares issuance cost	11,293	15,882
Deferred tax assets not recognized	(263,164)	(150,288)
	-	-

14. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 8.

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended September 30, 2021 and 2020, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	2021	2020
Shares issued for evaluation and exploration costs	$ 17,000	$ -
Shares issued for debts	-	60,450
Shares issued for marketable securities	375,000	-

There were no amounts of cash paid for income taxes and interest for the years presented.