
JNC RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

December 31, 2020

Independent Auditor's Report

To the Shareholders of JNC Resources Inc.

Opinion

We have audited the financial statements of JNC Resources Inc. ("the Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019 and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2020 and the period from April 1, 2019 to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and the period from April 1, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

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 *Auditor's 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 to the financial statements which describes the material uncertainty 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. The other information comprises:

- Management's Discussion and Analysis

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.

We obtained the other information prior to the date of this auditor's report. 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 in this auditor's report. 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, 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's report is Keith Gagnon.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
April 29, 2021**

JNC RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31,	
	2020	2019
ASSETS		
Current assets		
Cash	\$ 42,648	\$ 131,779
Amounts receivable	1,604	1,631
Deferred financing costs (Note 5(e))	-	10,000
Prepaid expenses	79,893	5,000
Refundable deposit (Note 11)	75,000	-
	199,145	148,410
Non-current assets		
Exploration and evaluation assets (Note 4)	13,661	38,750
TOTAL ASSETS	\$ 212,806	\$ 187,160
LIABILITIES and EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 18,878	\$ 51,366
TOTAL LIABILITIES	18,878	51,366
EQUITY		
Share capital (Note 5)	680,490	358,750
Share-based payments reserve	12,590	-
Deficit	(499,152)	(222,956)
TOTAL EQUITY	193,928	135,794
TOTAL LIABILITIES and EQUITY	\$ 212,806	\$ 187,160

Nature and continuance of operations (Note 1)

Commitments (Note 9)

Subsequent events (Note 11)

Approved by the Board on April 29, 2021 and signed on behalf of the Board:

"Michael Mulberry" Director _____
"Yana Bobrovskaya" Director

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

JNC RESOURCES INC.**STATEMENT OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

	Number of Shares*	Share Capital	Share-based Payments Reserve	Deficit	Total Equity
On Incorporation for cash	-	\$ -	\$ -	\$ -	\$ -
Seed share financing	9,000,000	30,000	-	-	30,000
Shares issued per property option agreement	450,000	3,750	-	-	3,750
Private placement financing	39,000,000	325,000	-	-	325,000
Net loss for the period	-	-	-	(222,956)	(222,956)
Balance, December 31, 2019	48,450,000	358,750	-	(222,956)	135,794
Initial public offering, net	9,099,000	236,830	-	-	236,830
Fair-value of agent's warrants issued	-	(12,590)	12,590	-	-
Warrants exercised	2,925,000	97,500	-	-	97,500
Net loss for the year	-	-	-	(276,196)	(276,196)
Balance, December 31, 2020	60,474,000	\$ 680,490	\$ 12,590	\$ (499,152)	\$ 193,928

* All periods are adjusted for 3:1 share split completed in January 2021. See Note 5

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

JNC RESOURCES INC.**STATEMENT OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

	For the Year Ended December 31, 2020	From Incorporation on April 1, 2019 to December 31, 2019
EXPENSES		
Administration expenses (Note 6)	\$ 9,414	\$ 9,542
Exploration expenditures (Notes 4 and 6)	24,686	111,386
Management fees (Note 6)	49,000	49,500
Marketing and shareholder communication	41,965	-
Professional fees (Note 6)	73,966	40,705
Transfer agent and filing fees	33,201	15,094
Travel and business development	238	121
	(232,470)	(226,348)
OTHER ITEMS		
Impairment of exploration and evaluation assets (Note 4)	(38,750)	-
Foreign exchange gain (loss)	(4,976)	3,392
	(43,726)	3,392
Net Loss and Comprehensive Loss for the Period	\$ (276,196)	\$ (222,956)
Basic and Diluted Loss Per Share	\$ (0.00)	\$ (0.01)
Weighted Average Number Of Common Shares Outstanding, Basic and Diluted	55,490,643	35,889,964

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

JNC RESOURCES INC.
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Year Ended December 31, 2020	For the Period from Incorporation on April 1, 2019 to December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (276,196)	\$ (222,956)
Impairment of exploration and evaluation assets	38,750	-
Changes in non-cash working capital items:		
(Increase) decrease in amounts receivable	27	(1,631)
Increase in prepaid expenses	(74,893)	(5,000)
Refundable deposit	(75,000)	-
Increase (decrease) in accounts payable and accrued liabilities	(32,488)	51,366
Cash used in operating activities	(419,800)	(178,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(13,661)	(35,000)
Cash used by investing activities	(13,661)	(35,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	344,330	355,000
Deferred financing costs	-	(10,000)
Cash provided by financing activities	344,330	345,000
Increase (decrease) in cash during the period	(89,131)	131,779
Cash, beginning of the period	131,779	-
Cash, end of the period	\$ 42,648	\$ 131,779

SUPPLEMENTARY CASHFLOW INFORMATION

	For the Year Ended December 31, 2020	For the Period from Incorporation on April 1, 2019 to December 31, 2019
Non-cash investing and financing activities		
Shares issued for exploration and evaluation assets	\$ -	\$ 3,750

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

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

On April 1, 2019, JNC Resources Inc. ("JNC" or the "Company") was incorporated under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in British Columbia, Canada. On April 13, 2020, the Company completed its initial public offering ("IPO") and on April 14, 2020, the shares of the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol JNC. In January 2021, the Company split its share capital on a 3 to 1 basis. All share and per share amounts have been restated to reflect the share split.

The Company's head office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered and records office address is 2110 28th Street, West Vancouver, BC, V7V 4M3.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

Going concern of operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2020, the Company has not generated any revenues and has incurred losses of \$499,152 (December 31, 2019 - \$222,956) since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

Since March 2020, there has been a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the regional economies in which the Company operates and could continue to result in negative impacts on the stock market, including trading prices of the Company's shares, and the ability to raise capital and could impact the Company's operations.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared using accounting policies consistent with IFRS. The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or fair value through other comprehensive income ("FVTOCI") which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant areas requiring the use of management estimates include impairment of exploration and evaluation assets; provision of reclamation and environmental obligations, if any; and inputs used in accounting for share-based payments in profit or loss.

The Board of Directors has considered the Company's current activities, funding position and projected funding requirements for the period of at least twelve months from the date these financial statements, in determining the ability of the Corporation to adopt the going concern basis in preparing the financial statements for the year ended December 31, 2020. The assessment of the Company's ability to execute its strategy to meet its future funding requirements involves judgment.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes deposits held at call with financial institutions. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Exploration and evaluation assets ("E&E")

The Company's mineral interests comprise mineral property surface rights, mining titles, exploration licenses, exploitation permits and concession contracts. All direct costs related to the acquisition of mineral interests are capitalized and classified as intangible assets. All other E&E costs incurred prior to a decision to proceed with development are charged to profit and loss as incurred. Once the technical feasibility and commercial viability of extracting the mineral resources from a property has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. Development costs subsequently incurred to develop a mine prior to the start of mining operations are capitalized and carried at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets ("E&E") (cont'd...)

Subsequent to entering production, acquisition costs and development costs and development expenditures are tested for impairment and then transferred to mineral interests within property and equipment. Mineral interests are classified as tangible assets and depleted on a unit-of-production basis using estimated proven and probable reserves of the mineral interests.

The Company assesses mineral interests for impairment when indicators of impairment are present and at least annually. When a project is deemed to no longer have commercially viable prospects to the Company, mineral interests, in excess of estimated recoveries, are written off and recognized in profit and loss.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to exploration costs. Exploration and evaluation acquisition costs that are capitalized are included as part of cash flows from investing activities whereas exploration and evaluation expenditures that are expensed are included as part of cash flows from operating activities.

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction to exploration expenditures in the period that the related expenditures are incurred. The accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the tax filing.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through amortization of the asset and unwinding of the discount on the provision.

Amortization is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset and charged against operating profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of goods or services received.

Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares ("broker warrants") using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value with common shares being valued first based on the trading price and then the residual value, if any, to the less easily measurable component.

Upon exercise of the warrants, consideration paid together with the amount previously recognized in reserves surplus is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the reserves is transferred to deficit.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share 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.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

(ii) Measurement

Cash and accounts payable and accrued liabilities are classified as at amortized cost.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income.

Related Party 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. Parties are also considered to be related if they are subject to common control, 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.

Future IFRS Standards and Interpretations Issued But Not Yet Effective

Management has reviewed and determined that the new accounting standards and interpretations mandatory after the December 31, 2020 reporting period are not relevant to the Company.

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

4. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets	Triple 9	Imperial	Total
Balance, at incorporation	\$ -	\$ -	\$ -
Additions	38,750	-	38,750
Balance, at December 31, 2019	38,750	-	38,750
Additions	-	13,661	13,661
Impairment	(38,750)	-	(38,750)
Balance, at December 31, 2020	\$ -	\$ 13,661	\$ 13,661

	For the Year Ended December 31, 2020			For the period from Incorporation on April 1, 2019 to December 31, 2019		
Exploration Expenditures	Triple 9	Imperial	Total	Triple 9	Imperial	Total
Assaying	\$ -	\$ -	\$ -	\$ 34,095	\$ -	\$ 34,095
Geological costs	-	14,934	14,934	77,291	-	77,291
Geophysics	1,400	-	1,400	-	-	-
Property tenure	-	8,352	8,352	-	-	-
Total	\$ 1,400	\$ 23,286	\$ 24,686	\$ 111,386	\$ -	\$ 111,386

a. Triple 9 Property, British Columbia

On April 22, 2019, the Company entered into an Option Agreement (the “Triple 9 Agreement”) with Guy Delorme and Christopher Delorme (“the Optionors”) pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Triple 9 Copper/Gold Project in British Columbia subject to a 2% net smelter return (“NSR”).

The Company’s option to acquire the rights and interests in the Triple 9 Project is exercisable by issuing a total of 2,050,000 common shares and making aggregate cash payments of \$1,035,000.

The share issuances and cash payments schedule are as follows:

- i. \$35,000 within five days of signing the Triple 9 Agreement (paid);
- ii. 150,000 common shares within 14 days of the Triple 9 Agreement date (issued);
- iii. \$100,000 and 300,000 common shares on or before April 13, 2021;
- iv. \$300,000 and 600,000 common shares on or before April 13, 2022;
- v. \$600,000 and 1,000,000 common shares on or before April 13, 2023.

The Company has the right to buyback 1% of the NSR by paying the Optionors \$1,000,000.

As management was unable to negotiate an extension of the share and cash payments due on April 13, 2021, management decided to abandon the project; accordingly, the capitalized costs were written off in 2020.

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**b. Imperial Property, Nevada**

On June 15, 2020, the Company signed an option agreement (the "Imperial Agreement") with Great Basin Resources ("Great Basin") pursuant to which the Company has the sole and exclusive option to acquire 100% of the rights and interests in the Imperial Gold Project in Nevada subject to a 3% net smelter return ("NSR").

The Company's option to acquire the rights and interests in the Imperial Project is exercisable by making aggregate cash payments of US \$270,000 over seven years and by incurring minimum exploration expenditures totaling US \$4,300,000 over seven years.

The cash payments and minimum exploration expenditures (the "expenditures") schedule is as follows:

- i. US \$10,000 within five days of signing the Imperial Agreement (paid);
- ii. US \$20,000 and US \$50,000 expenditures on or before June 15, 2021;
- iii. US \$20,000 and US \$150,000 expenditures on or before June 15, 2022;
- iv. US \$30,000 and US \$250,000 expenditures on or before June 15, 2023;
- v. US \$40,000 and US \$350,000 expenditures on or before June 15, 2024;
- vi. US \$50,000 and US \$500,000 expenditures on or before June 15, 2025;
- vii. US \$50,000 and US \$1,000,000 expenditures on or before June 15, 2026;
- viii. US \$50,000 and US \$2,000,000 expenditures on or before June 15, 2027.

Any accumulated excess expenditures in a given year shall be credited to the subsequent year and so on, and the Company may accelerate such expenditures at its discretion.

5. CAPITAL STOCK AND RESERVES**a) Authorized share capital**

As a December 31, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value. In January 2021, the Company split its share capital on a 3 to 1 basis. All share and per share amounts have been restated to reflect the share split.

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

5. CAPITAL STOCK AND RESERVES (cont'd...)

b) Issued share capital

During the year ended December 31, 2020:

- i. On April 13, 2020, the Company completed its IPO, by issuing 9,099,000 common shares of the Company \$0.033 per share for gross proceeds of \$303,300. Pursuant to an agency agreement (the "Agency Agreement") dated January 13, 2020, Mackie Research Capital Corporation (the "Agent") acted as agent for the Company in connection with the IPO and received a work fee, and a \$30,300 cash commission equal to 10% of the gross proceeds. The Company also granted the Agent and members of its selling group non-transferrable warrants to purchase up to an aggregate of 909,900 common shares of the Company at a price of \$0.033 per share until April 13, 2022. The fair value of the Agents' warrants was calculated to be \$12,590 using the Black-Scholes method which was charged to share issue costs. The Company also agreed to pay the Agent a non-refundable \$15,000 work fee and pay up to \$15,000 of the Agent's due diligence cost related to the offering including its legal costs.
- ii. 2,925,000 share purchase warrants were exercised at \$0.033 for gross proceeds of \$97,500.

During the period from incorporation on April 1 to December 31, 2019:

- i. In April 2019, The Company issued 9,000,000 common shares at \$0.0033 for gross proceeds of \$30,000.
- ii. In April 2019, the Company issued 450,000 common shares at a fair value of \$0.0083 per share per Note 4(a(ii)).
- iii. In June 2019, the Company completed a 39,000,000 Unit private placement financing at \$0.0083 per Unit for gross proceeds of \$325,000. Each Unit consisted of a Share and a whole Warrant, each Warrant entitling the holder to purchase an additional Share for an exercise price of \$0.033 per Share up to five years from issuance.

c) Warrants

Warrant transactions are summarized as follows:

	Number	Exercise Price	Weighted Average Remaining Life in Years
Balance, at incorporation	-	\$ -	-
Issued	39,000,000	0.033	5.00
Balance, December 31, 2019	39,000,000	0.033	4.55
Exercised	(2,925,000)	0.033	-
Balance, at December 31, 2020	36,075,000	\$ 0.033	3.55

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

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For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

5. CAPITAL STOCK AND RESERVES (cont'd...)

c) Warrants (cont'd...)

Share purchase warrants outstanding at December 31, 2020 are:

Number	Exercise Price	Expiry Date
36,075,000	\$0.033	July 17, 2024

d) Agents' Warrants

Agents' warrant transactions are summarized as follows:

	Number	Exercise Price	Weighted Average Remaining Life in Years
Balance, at incorporation and December 31, 2019	-	\$ -	-
Issued	909,900	0.033	2.00
Balance, at December 31, 2020	909,900	\$ 0.033	1.28

See Note 11 – Subsequent event

Using the Black-Scholes method and variables below, the fair-value of the 909,900 Agents' warrants was calculated to be \$12,590 which was debited to share issue costs and credited to share-based payments reserve.

Risk-free interest rate	0.38%
Expected life of agent's options	2 years
Annualized volatility	75.00%
Dividend rate	0.00%

As there was no historical trading data on which to base a calculation, the volatility was estimated using a similar type of company that trades on the CSE.

e) Deferred financing costs

Per the terms of the Agency Agreement described in Note 5(b)(i), the Company paid \$10,000 to the agent upon signing which was initially classified as deferred financing costs. Upon closing the IPO, the deferred financing costs were reclassified to share issue costs.

f) Shares held in escrow

Prior to April 9, 2020, the date the Company's shares were listed on the Exchange (the "Listing Date"), 9,000,000 shares were held in escrow. 10% of these escrowed shares were released on the listing date with the balance to be released from escrow in equal blocks of 15% of at six-month intervals over the 36 months following the Listing Date. At December 31, 2020, 6,750,000 common shares remain held in escrow.

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

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6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions involving officers and directors for the year ended December 31, 2020:

- i. Administration expenses of \$6,000 and management fees of \$12,000 (2019 - \$9,000 and \$13,500) were paid or accrued for accounting services to an officer of the Company;
- ii. Management fees of \$36,000 (2019 - \$36,000) and exploration expenditures of \$Nil (2019 - \$62,157) were paid or accrued to a company controlled by an officer of the Company; and
- iii. Professional fees of \$1,600 (2019 - \$Nil) and exploration expenses of \$1,400 (2019 - \$12,363) were paid or accrued to a director of the Company.

The 2019 amounts above refer to the period from incorporation on April 1, 2019 to December 31, 2019.

Included in accounts payable and accrued liabilities at December 31, 2020 is \$Nil (December 31, 2019 - \$38,640) owed to related parties.

7. FINANCIAL INSTRUMENTS**Fair value**

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company plans to limit its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in United States Dollars. Management believes the risk is not currently significant as the Company's cash denominated in United States Dollars as at December 31, 2020 and December 31, 2019, was not material.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The Company is not subject to external capital restrictions. There were no changes in the Company's approach to capital management.

9. COMMITMENTS

- i. On April 1, 2019 the Company entered into an executive consulting agreement (the "executive agreement") with a private company controlled by the CEO ("priveco") of the Company which will pay the priveco \$4,000 per month. The term of the executive agreement is indeterminate. However, within the 1st twelve (12) months, the executive agreement may be terminated by the Company by giving the priveco three (3) months' notice. Thereafter, the executive agreement may be terminated by the Company, for Cause without notice; on or before March 31, 2020, by the Company on three (3) months prior notice to the priveco or payment in lieu thereof at the mutual agreement of the parties; after March 31, 2020, on six (6) months prior notice to the priveco, or payment in lieu thereof at the mutual agreement of the parties; and by the Company for the reason of the death or disability of the CEO without prior notice and without further obligation to the priveco. Effective January 1, 2020, an amendment to the executive agreement was signed which reduced the monthly rate to \$3,000. All other terms of the executive agreement remain the same.
- ii. In April 2019, the Company entered into an administrative services agreement (the "admin agreement") with an arm's length private company ("adminco"), which will pay the adminco \$2,500 per month to provide Chief Financial Officer and administration services for an initial one (1) year term. The admin agreement will renew annually unless the Company gives one (1) months' notice to adminco to terminate the admin agreement. Effective January 1, 2020, an amendment to the admin agreement was signed which reduced the monthly rate to \$1,500. All other terms of the admin agreement remain the same.

JNC RESOURCES INC.**NOTES TO THE FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

10. INCOME TAX

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	For the Year Ended December 31, 2020	From incorporation on April 1, 2019 to December 31, 2019
Loss before income taxes for the period	\$ 276,196 27%	\$ 222,956 27%
Expected income tax recovery	\$ 74,572	\$ 60,198
Tax benefit not realized	<u>(74,572)</u>	<u>(60,198)</u>
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	December 31, 2020	December 31, 2019
Deferred income tax asset:		
Mineral properties	\$ 47,000	\$ 30,000
Non-capital loss carry forwards	90,000	30,000
Share issue costs	14,000	-
True up	<u>2,000</u>	<u>-</u>
	(153,000)	(60,000)
Unrecognized deferred tax assets	<u>153,000</u>	<u>60,000</u>
Net deferred income tax assets	\$ -	\$ -

The Company has non-capital losses carried forward for income tax purposes of approximately \$335,000 which can be applied against future years' taxable income. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements. Non-capital losses expire as follows:

2039	\$ 109,000
2040	<u>226,000</u>
	\$ 335,000

JNC RESOURCES INC.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

For the Year Ended December 31, 2020 and the period from incorporation on April 1, 2019 to December 31, 2019

11. SUBSEQUENT EVENTS

Subsequent to December 31, 2020:

- i. the Company split its share capital on a 3 to 1 basis. All share and per share amounts have been restated in these financial statements to reflect the share split;
- ii. 1,800,000 share purchase warrants were exercised at \$0.033 for gross proceeds of \$60,000;
- iii. 12,000 agent's options were exercised at \$0.033 for gross proceeds of \$400; and
- iv. In April 2021, the Company closed, in escrow, the Share Exchange Agreement in which JNC has effectively acquired a 100% interest in SPML, and its subsidiary which hold 100% interests in the Malebo and Solomons Properties in New South Wales (NSW) Australia. The Company paid a \$75,000 refundable deposit in December 2020. In April 2021, JNC issued six million (6,000,000) common shares (the "Purchase Shares") to the shareholders ("Shareholders") of SPML in exchange for all of the issued and outstanding shares of SPML. The SPML Shareholders have entered into undertakings wherein the Purchase Shares, which are otherwise free-trading, will be released as to 25% on closing (the "Closing"), 25% on October 23, 2021, an additional 25% on April 23, 2022 and the balance on October 23, 2022. The Purchase Shares are currently being held in escrow pending New South Wales ministerial approval ("Ministerial Approval") of the change in control of SPML. The Company has made application to the minister for such approval and provided prescribed due diligence information on the Company as part of such application process. Once Ministerial Approval is obtained, the definitive Closing of the acquisition will occur and the escrow closing documents will be released from escrow.