



## Condensed Interim Financial Statements

For the six months ended March 31, 2022

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Core Assets Corp. for the six months ended March 31, 2022, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

## Core Assets Corp.

### Condensed Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	March 31, 2022	September 30, 2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 3,861,523	\$ 1,528,966
Sales taxes and other receivables	17,391	24,408
Prepaid expenses	214,946	72,499
	<b>4,093,860</b>	1,625,873
Promissory notes (Note 9)	38,717	81,970
Exploration and evaluation assets (Note 6 and Note 9)	1,438,464	1,307,716
Reclamation bonds (Note 5)	25,500	25,500
	<b>\$ 5,596,541</b>	<b>\$ 3,041,059</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 21,643	\$ 85,910
Due to related parties (Note 9)	28,578	17,912
	<b>50,221</b>	103,822
<b>Shareholders' Equity</b>		
Share capital (Note 7)	6,876,845	3,834,809
Share subscriptions received	-	31,500
Reserves (Note 8)	709,486	318,831
Deficit	(2,040,011)	(1,247,903)
	<b>5,546,320</b>	2,937,237
	<b>\$ 5,596,541</b>	<b>\$ 3,041,059</b>

Approved and authorized by the Board of Directors on May 25, 2022:

*"Nick Rodway"*

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Director

*"David Hodge"*

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Director

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

## Core Assets Corp.

Condensed Interim Statements of Operations and Comprehensive Loss

For the three and six months ended March 31,

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
<b>Expenses</b>				
Accounting and audit fees	\$ -	\$ 10,500	\$ -	\$ 10,500
Administration fees (Note 9)	<b>37,500</b>	37,500	<b>75,000</b>	75,000
Advertising and travel expenses	<b>66,671</b>	7,046	<b>106,044</b>	7,954
Consulting fees and salaries (Note 9)	<b>34,785</b>	68,925	<b>78,958</b>	72,619
Interest income	<b>(2,236)</b>	-	<b>(3,177)</b>	-
Legal fees	<b>13,402</b>	4,653	<b>21,132</b>	8,862
Transfer agent and filing fees	<b>17,762</b>	7,987	<b>25,928</b>	13,153
Share-based payments (Note 8)	<b>481,666</b>	-	<b>481,666</b>	113,310
Office and miscellaneous	<b>3,096</b>	1,643	<b>6,557</b>	3,195
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>652,646</b>	138,254	<b>792,108</b>	304,593
<b>Basic and Diluted Loss Per Share</b>	<b>\$ 0.01</b>	\$ 0.01	<b>\$ 0.01</b>	\$ 0.01
<b>Weighted Average Number of Common Shares Outstanding – Basic and Diluted</b>	<b>67,879,781</b>	24,501,658	<b>62,980,595</b>	22,096,670

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

## Core Assets Corp.

Condensed Interim Statements of Changes in Equity

For the six months ended March 31,

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Number of Shares	Share Capital	Reserves	Shares Subscribed	Deficit	Total
<b>Balance, September 30, 2020</b>	<b>21,216,600</b>	<b>\$ 674,259</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (177,527)</b>	<b>\$ 496,732</b>
Shares issued for property (Note 6, 7)	1,000,000	90,000	-	-	-	90,000
Shares issued (Note 7)	12,177,767	1,095,999	-	-	-	1,095,999
Shares issued – flow through (Note 7)	2,838,334	326,408	-	-	-	326,408
Share issuance costs	-	(51,634)	13,953	-	-	(37,681)
Share-based payments (Note 8)	-	-	113,310	-	-	113,310
Net loss for the period	-	-	-	-	(304,593)	(304,593)
<b>Balance, March 31, 2021</b>	<b>37,232,701</b>	<b>\$ 2,135,032</b>	<b>\$ 127,263</b>	<b>\$ -</b>	<b>\$ (482,120)</b>	<b>\$ 1,780,175</b>
	Number of Shares	Share Capital	Reserves	Shares Subscribed	Deficit	Total
<b>Balance, September 30, 2021</b>	<b>57,867,479</b>	<b>\$ 3,834,809</b>	<b>\$ 318,831</b>	<b>\$ 31,500</b>	<b>\$ (1,247,903)</b>	<b>\$ 2,937,237</b>
Shares issued (Note 7)	6,657,752	1,597,860	-	-	-	1,597,860
Share issuance costs	-	(30,929)	-	-	-	(30,929)
Options exercised (Note 7)	1,300,000	232,011	(91,011)	-	-	141,000
Warrants exercised (Note 7)	8,287,292	1,243,094	-	(31,500)	-	1,211,594
Share-based payments (Note 8)	-	-	481,666	-	-	481,666
Net loss for the period	-	-	-	-	(792,108)	(792,108)
<b>Balance, March 31, 2022</b>	<b>74,112,523</b>	<b>\$ 6,876,845</b>	<b>\$ 709,486</b>	<b>\$ -</b>	<b>\$ (2,040,011)</b>	<b>\$ 5,546,320</b>

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

## Core Assets Corp.

Condensed Interim Statements of Cash Flows

For the six months ended March 31,

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2022	2021
<b>CASH FLOWS (USED IN) OPERATING ACTIVITIES:</b>		
Net loss for the period	\$ (792,108)	\$ (304,593)
Add (deduct) items not affecting cash:		
Share-based compensation	481,666	113,310
Changes in non-cash working capital items related to operations:		
Prepaid expenses	(142,447)	(77,399)
Promissory notes	43,253	-
Sales taxes and other receivables	7,017	(4,555)
Accounts payable and accrued liabilities	(53,601)	31,370
<b>Net cash flows (used in) operating activities</b>	<b>(456,220)</b>	<b>(241,867)</b>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES:</b>		
Mining tax credit	3,378	-
Reclamation bond	-	(12,000)
Exploration and evaluation costs	(134,126)	(16,441)
<b>Net cash flows (used in) investing activities</b>	<b>(130,748)</b>	<b>(28,441)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Issue of common shares	1,597,860	1,436,599
Exercise of stock options	141,000	-
Exercise of warrants	1,243,094	-
Share issuance costs	(62,429)	(37,681)
<b>Net cash flows from financing activities</b>	<b>2,919,525</b>	<b>1,398,918</b>
<b>Increase (decrease) in cash</b>	<b>2,332,557</b>	<b>1,128,610</b>
<b>Cash, beginning of period</b>	<b>1,528,966</b>	<b>232,832</b>
<b>Cash, end of period</b>	<b>\$ 3,861,523</b>	<b>\$ 1,361,442</b>

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

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

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## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Core Assets Corp. (“Core” or the “Company”) was incorporated on April 20, 2016, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties. The Company is in the exploration stage and has interests in properties located in British Columbia (“BC”), Canada. The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

On July 8, 2020, the Company received a final receipt from the British Columbia Securities Commission for its Long Form Prospectus dated July 7, 2020. On July 27, 2020, the Company’s shares were listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “CC”. The Company’s shares also trade on the OTCQB under the symbol “CCOOF” and on the Frankfurt Stock Exchange under the symbol “A2QCCU”.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on May 25, 2022.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$4,043,639 at March 31, 2022 (September 30, 2021: \$1,552,051), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

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## 2. BASIS OF PRESENTATION

### Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

### Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

### Estimates and assumptions

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income; and
- Management’s assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods.

### Judgments

The critical judgments that the Company’s management has made in the process of applying the Company’s accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company’s financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

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## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

- Provisions for reclamation

Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

- Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim consolidated financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended September 30, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2021.

Certain new standards, interpretations and amendments to existing standards issued by the IASB or IFRIC may have become mandatory or have been issued subsequent to the year ended September 30, 2021. However, none have been identified as applicable or are consequential to the Company.

## 5. RECLAMATION BOND

At March 31, 2022, the Company has a reclamation security deposit of \$25,500 (September 30, 2021: \$25,500) with the Ministry of Energy, Mines and Petroleum Resources for the proposed exploration program on the Blue Property.

## 6. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's property interests and related spending commitments:

### Blue Property

On December 10, 2018, the Company signed an agreement with Zimtu Capital Corp. ("Zimtu"), a related party (see Note 9), whereby the Company can earn a 100% interest in and to the Blue Property, in British Columbia. For its participation in the transaction, the Company paid \$100,000 and issued 3,000,000 common shares of the Company in staged payments (1,000,000 shares with a fair value of \$50,000 issued during the year ended September 30, 2019 and 2,000,000 with a fair value of \$225,000 were issued during the year ended September 30, 2021). Zimtu will retain a 2% Net Smelter Return (NSR) royalty. The Company has the right to buy back 1% of the NSR within 5 years of the agreement by paying \$1,000,000. The original agreement was amended June 10, 2021 to change the date of the final payment from December 10, 2020 to June 15, 2021. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements.



# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

## 6. EXPLORATION AND EVALUATION ASSETS - continued

### Blue Property - continued

In August 2020, the Company acquired 8 additional claims in and around the Company's Blue and Silver Lime properties from Zimtu. The cost to acquire the claims amounted to the cost of staking paid by Zimtu (\$23,025). Zimtu will retain a 2% NSR royalty, of which the Company shall have the right to buy back 1% within 5 years of the agreement by paying \$1,000,000. The addition of these claims expanded and consolidated the Blue Property and the Silver Lime Property into one contiguous property that will continue to be called the Blue Property. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements.

In June 2021, the Company acquired 6 additional claims in and around the Company's Blue and Silver Lime properties from Zimtu. The cost to acquire the claims amounted to the cost of staking paid by Zimtu of \$26,095 plus 20% interest for a total of \$31,314.

During the year ended September 30, 2021, the Company staked an additional 82,257 ha of land, increasing its land package to approximately 108,337 ha. The cost of the staking was \$140,950.

### Silver Lime Property

On August 1, 2019, the Company signed an agreement with Zimtu Capital Corp. ("Zimtu"), a related party (see Note 9), whereby the Company can earn a 100% interest in and to the Silver Lime Property, in British Columbia by issuing 1,000,000 common shares (issued) of the Company. Subsequent to the purchase, the Company acquired additional claims that combine the Blue Property and the Silver Lime Property into one contiguous property and the Silver Lime Property is now considered part of the Company's Blue Property. Zimtu will retain a 2% Net Smelter Return (NSR) royalty. The Company has the right to buy back 1% of the NSR within 5 years of the agreement by paying \$1,000,000. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements.

The following are the expenditures on the Blue Property for the six months ended March 31, 2022 and the year ended September 30, 2021:

	Six months ended March 31, 2022	Year ended September 30, 2021
Opening balance	\$ 1,307,716	\$ 273,652
Acquisition costs – shares	-	225,000
Acquisition costs – cash	-	222,264
Assays	7,487	14,906
Drilling	-	1,621
Field supplies	56,032	21,276
Geological expenses	53,714	95,456
Geophysical survey	15,453	353,190
Reports and other	1,440	7,000
Travel and accommodation	-	93,351
Mining tax credit	(3,378)	-
Ending balance	1,438,464	\$ 1,307,716

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

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## 7. SHARE CAPITAL

- a) Authorized: Unlimited common shares with no par value.
- b) Issued and outstanding: The total issued and outstanding shares of the Company total 74,112,523 as at March 31, 2022 (September 30, 2021: 57,867,479).

### During the six months ended March 31, 2022:

- i. On January 21, 2022, the Company completed a non-brokered private placement (the “Offering”) of 6,657,752 units (each, a “Unit”) at a price of \$0.24 per Unit for gross proceeds of \$1,597,860. Each Unit is comprised of one common share (each, a “Share”) in the capital of the Company and one whole transferable Share purchase warrant (each, a “Warrant”). Each Warrant will entitle the holder to purchase one additional Share (each, a “Warrant Share”) for a period of two years from the closing date (the “Closing Date”) at an exercise price of \$0.39 per Warrant Share. In connection with the Offering, Crescat Capital LLC (“Crescat Capital”) has agreed to make a strategic investment in the Company of \$1,275,000 (the “Crescat Capital Investment”). Following the completion of the Crescat Capital Investment, Crescat Capital will have an option to participate in future financings of the Company to maintain its interest in the Company for so long as it holds greater than 3% of the issued and outstanding Common Shares. All securities issued in connection with the Offering will be subject to a four month hold as required under applicable securities laws and, in addition, will be subject to an 18 month hold from the Closing Date split up into 3 releases of one third (1/3) of the securities issued under the Offering every six months from the Closing Date. Cash finder’s fees of \$4,101 were paid to eligible finders in connection with the Offering.
- ii. During the six months ended March 31, 2022, 8,287,292 share purchase warrants priced at \$0.15 and were exercised for gross proceeds of \$1,243,094.
- iii. During the six months ended March 31, 2022, 1,025,000 stock options priced at \$0.10 and 275,000 stock options priced at \$0.14 were exercised for gross proceeds of \$232,011.

### During the year ended September 30, 2021:

- i. On December 10, 2020, 1,000,000 common shares with a fair value of \$90,000 were issued in connection with the Blue Property (See Note 6).
- ii. On March 17, 2021, the Company closed a non-brokered private placement (the “Offering”), issuing 12,177,767 units (each, a “Unit”) at a price of \$0.09 per Unit for gross proceeds of \$1,095,999. Each Unit is comprised of one common share (each, a “Share”) in the capital of the Company and one non-transferable share purchase warrant (each, a “Warrant”). Each Warrant will entitle the holder to purchase one additional Share (each, a “Warrant Share”) in the capital of the Company for a period of 24 months from the closing date at an exercise price of \$0.15 per Warrant Share in first year and \$0.25 per Warrant Share in second year. The Company paid cash finder’s fees of \$8,779 and issued 91,770 finder’s warrants (each, a “Finder’s Warrant”) to certain finders in connection with the Offering. The Finder’s Warrants have the same terms and conditions as the Warrant.

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

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## 7. SHARE CAPITAL - continued

### During the year ended September 30, 2021: - continued

- iii. On March 17, 2021, the Company closed a non-brokered flow-through private placement (the “Flow-through Offering”), issuing 2,838,334 Shares, issued on a “flow-through basis” pursuant to the Income Tax Act (Canada), at a price of \$0.12 per Share for aggregate gross proceeds of \$340,600. The Company paid cash finder’s fees of \$8,064. and issued 67,200 finder’s warrants to certain finders in connection with the Flow-through Offering. Each finder’s warrants will entitle the holder to purchase one additional share in the capital of the Company for a period of 24 months from the closing date at an exercise price of \$0.15 per warrant in first year and \$0.25 per warrant in second year.
- iv. On June 11, 2021, 2,000,000 common shares with a fair value of \$280,000 were issued to directors and a consultant in connection with bonus (see Note 9)
- v. On June 15, 2021, 1,000,000 common shares with a fair value of \$135,000 were issued in connection with the Blue Property (See Note 6).
- vi. On August 25, 2021, the Company closed a non-brokered private placement (the “Offering”), issuing 11,012,000 units (each, a “Unit”) at a price of \$0.055 per Unit for gross proceeds of \$605,660. Each Unit is comprised of one common share (each, a “Share”) in the capital of the Company and one-half of one transferable share purchase warrant (each, a “Warrant”). Each Warrant will entitle the holder to purchase one additional Share (each, a “Warrant Share”) in the capital of the Company for a period of 24 months from the closing date at an exercise price of \$0.25 per Warrant Share. All shares issued in connection with this private placement have a twelve month hold period.
- vii. On August 25, 2021, the Company closed a non-brokered flow-through private placement (the “Flow-through Offering”), issuing 4,465,000 Shares, issued on a “flow-through basis” pursuant to the Income Tax Act (Canada), at a price of \$0.08 per Share for aggregate gross proceeds of \$357,200. All shares issued in connection with this private placement have a twelve month hold period.
- viii. During the year ended September 30, 2021, 2,157,778 share purchase warrants priced at \$0.15 were exercised for total gross proceeds of \$323,667.
- ix. During the year ended September 30, 2021, \$31,500 was received for the exercise of warrants. The warrant documents were received in October 2021 and the shares were issued subsequent to September 30, 2021.

## Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

### 7. SHARE CAPITAL - continued

c) Share purchase warrants / finder's warrants:

The following is a summary of warrant transactions for the six months ended March 31, 2022 and the year ended September 30, 2021:

	March 31, 2022		September 30, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	15,684,959	\$ 0.19	-	\$ -
Granted	6,657,752	0.39	17,842,737	0.18
Exercised	(8,287,292)	0.15	(2,157,778)	0.15
Balance, end of period	14,055,419	\$ 0.32	15,684,959	\$ 0.19

The following warrants were outstanding and exercisable as at March 31, 2022:

Expiry Date	Exercise Price	Number of Warrants	Contractual Life (Years)
March 17, 2023	\$0.25	1,891,667	0.96
April 25, 2023	\$0.25	5,506,000	1.40
January 21, 2024	\$0.39	6,657,752	1.81
Total outstanding		14,055,419	
Total exercisable		7,397,667	

The following assumptions were used for the Black-Scholes pricing model calculations for the finder's warrants:

	March 17, 2021
Risk-free interest rate	0.27%
Expected stock price volatility	158.23%
Expected option life in years	2 years
Dividend rate	Nil

### 8. SHARE-BASED PAYMENTS

The Company has a stock option plan for officers, directors, employees and consultants. Options are granted with an exercise price determined by the Board of Directors, which may not be less than 25% of the Company's stock price on the date of the grant. Options granted to directors, employees and consultants other than consultants engaged in investor relations activities will vest immediately. However, for options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

## Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

### 8. SHARE-BASED PAYMENTS - continued

The following is a summary of option transactions under the Company's stock option plan for the six months ended March 31, 2022 and the year ended September 30, 2021:

	March 31, 2022		September 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	3,635,000	\$ 0.12	-	\$ -
Exercised	(1,300,000)	0.11		
Granted	4,500,000	0.50	3,635,000	0.12
Balance, end of period	6,835,000	\$ 0.37	3,635,000	\$ 0.12

The following stock options were outstanding and exercisable as at March 31, 2022:

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
December 21, 2022	\$0.10	910,000	0.73
June 11, 2023	\$0.14	1,425,000	1.20
March 3, 2026	\$0.50	4,500,000	3.93
Total outstanding		6,835,000	
Total exercisable		2,335,000	

On December 21, 2020, the Company granted stock options to certain directors, officers, employees and consultants of the Company for the purchase of up to 1,935,000 common shares of the Company pursuant to its Stock Option Plan. Each option is exercisable for a period of 2 years at a price of \$0.10 per common share and vests immediately.

On June 11, 2021, the Company granted stock options to certain directors, officers, employees and consultants of the Company for the purchase of up to 1,700,000 common shares of the Company pursuant to its Stock Option Plan. Each option is exercisable for a period of 2 years at a price of \$0.14 per common share and vests immediately.

On March 3, 2022, the Company granted stock options to certain directors, officers, employees and consultants of the Company for the purchase of up to 4,500,000 common shares of the Company pursuant to its Stock Option Plan. Each option is exercisable for a period of 4 years at a price of \$0.50 per common share, vesting over two years in increments of 25% every 6 months.

During the six months ended March 31, 2022, \$481,666 (March 31, 2021 - \$113,310) was charged to share-based payments. The following assumptions were used for the Black-Scholes pricing model calculations:

	December 21, 2020	June 11, 2021	March 3, 2022
Risk-free interest rate	0.23%	0.31%	1.52%
Expected stock price volatility	150.3%	150.2%	144.6%
Expected option life in years	2 years	2 years	4 years
Dividend rate	Nil	Nil	Nil

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

## 9. RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2022 and 2021, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Six months ended March 31,	
	2022	2021
	\$	\$
<b>Key management compensation*</b>		
Exploration and evaluation asset expenditures	35,650	13,500
Wages to key management	86,020	8,850
Administrative fees	75,000	75,000
Consulting fees	-	26,488
Share-based payments	315,759	87,837
Advertising	75,000	-
<b>Total</b>	<b>587,429</b>	<b>211,675</b>

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

On June 11, 2021, the Company granted 1,920,000 bonus shares to two directors. The bonus shares were subject to the standard four month plus one day hold period. Per Canada Revenue Agency requirements, all related payroll taxes for the bonus shares were due on July 15, 2021. The Company has paid the payroll taxes of \$81,970 due by the directors and issued them promissory notes for reimbursement of these taxes at a later date. During the six months ended March 31, 2022, \$43,253 (March 31, 2021 - \$nil) was repaid to the Company. The shares are in recognition of the extensive work performed in completing the Company's recent financing as well as increasing the Company's land position.

As at March 31, 2022, there was \$28,578 (September 30, 2021: \$17,912) due to related parties of the Company.

Zimtu Capital Corp. ("Zimtu") is a company with common directors and management. Zimtu provides key management services and investor relations services to the Company and at March 31, 2022 holds 11.5% (September 30, 2021 – 14%) of the Company's shares. On August 1, 2020, the Company entered into a twelve-month Management Services Agreement ("Agreement") with Zimtu. Under the terms of the Agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, at a rate of \$12,500 per month. On August 1, 2021, the Agreement was renewed for an additional twelve months. During the year ended September 30, 2021, additional administrative fees were incurred in connection to the private placement. See also Note 7.

On October 1, 2021, the Company engaged Zimtu Capital Corp. to provide marketing services as part of a cooperative marketing program. In consideration, the Company will make 12 monthly payments of \$12,500.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

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## 10. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is subject to credit risk for a maximum of the amounts shown on the statements of financial position.

At March 31, 2022, the Company held cash of \$3,861,523 (September 30, 2021: \$1,528,966) with Canadian chartered banks.

b) **Liquidity Risk**

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at March 31, 2022, the Company has total current liabilities of \$50,221 (September 30, 2021: \$103,822). Management intends to meet these obligations by raising funds through future financings.

c) **Market Risk**

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) *Currency Risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) *Commodity Price Risk*

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

# Core Assets Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended March 31, 2022 and 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

## 10. FINANCIAL INSTRUMENTS – continued

### d) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

### e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at March 31, 2022, the Company's shareholders' equity was \$5,546,320 (September 30, 2021: \$2,937,237). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

## 11. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On March 17, 2021, the Company issued 2,838,334 common shares on a "flow-through" basis at a price of \$0.12 per Share for gross proceeds of \$340,600 and recognized a liability on flow-through of \$14,192. At September 30, 2021, the Company has incurred \$340,600 in qualified expenditures and reversed the flow-through share liabilities.

On August 25, 2021, the Company issued 4,465,000 common shares on a "flow-through" basis at a price of \$0.08 per Share for gross proceeds of \$357,200. No flow-through share liability was recognized. At March 31, 2022, the Company has incurred \$357,200 in qualified expenditures.

	Issued on March 17, 2021	Issued on August 25, 2021	Total
<b>Balance, September 30, 2020</b>	\$ -	\$ -	\$ -
Liability incurred on flow-through shares issued	14,192	-	14,192
Settlement of flow-through share liability on incurring expenses	(14,192)	-	(14,192)
<b>Balance, September 30, 2021 and March 31, 2022</b>	\$ -	\$ -	\$ -