
S2 MINERALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of S2 Minerals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

S2 Minerals Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at August 31, 2022	As at May 31, 2022
ASSETS		
<i>Current</i>		
Cash	\$ 1,692,871	\$ 1,814,481
Short-term investments	10,000	10,000
Amounts receivable (note 3)	6,820	8,742
Prepays	2,418	4,563
<i>Total current assets</i>	1,712,109	1,837,786
Total assets	\$ 1,712,109	\$ 1,837,786
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 69,319	\$ 84,762
Due to related party (note 7)	142,527	142,527
<i>Total current liabilities</i>	211,846	227,289
Total liabilities	211,846	227,289
SHAREHOLDERS' EQUITY		
Share capital (note 4)	3,701,668	3,701,668
Contributed surplus (note 4(c))	14,098	12,314
Warrants (note 4(d))	227,029	227,029
Deficit	(2,442,532)	(2,330,514)
Total shareholders' equity	1,500,263	1,610,497
Total liabilities and shareholders' equity	\$ 1,712,109	\$ 1,837,786

Nature of Operations (note 1)

Approved on behalf of the Board:

"Harvey L.A. Yesno"

Director

"Daniel Noone"

Director

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

S2 Minerals Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

Three Months Ended August 31,	2022	2021
Operating expenses		
Exploration and evaluation (note 9)	\$ 13,842	\$ -
Professional fees	48,591	30,469
Reporting issuer costs	11,985	15,421
Office and administrative	11,534	13
Salaries and related costs	19,725	-
Stock-based compensation (note 4(c))	1,784	-
Travel and accommodation	4,508	-
Foreign exchange loss	49	218
Comprehensive loss for the period	\$ 112,018	\$ 46,121
Net loss per share		
- basic and diluted (note 5)	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding - basic and diluted	37,311,335	25,311,335

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

S2 Minerals Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Three Months Ended August 31,	2022	2021
Operating activities		
Net loss for the period	\$ (112,018)	\$ (46,121)
<i>Adjustments for non-cash items:</i>		
Stock-based compensation (note 4(c))	1,784	-
<i>Changes in non-cash working capital items:</i>		
Amounts receivable	1,922	(8,778)
Prepays	2,145	-
Accounts payable and accrued liabilities	(15,443)	(70,712)
Due to related party	-	12,628
Net cash used in operating activities	(121,610)	(112,983)
Investing activities		
Purchase of short-term investments	-	(10,000)
Net cash used in investing activities	-	(10,000)
Net change in cash	(121,610)	(122,983)
Cash, beginning of period	1,814,481	1,194,781
Cash, end of period	\$ 1,692,871	\$ 1,071,798

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

S2 Minerals Inc.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance May 31, 2022	37,311,335	\$3,701,668	\$ 12,314	\$ 227,029	\$ (2,330,514)	\$ 1,610,497
Stock-based compensation (note 4(c))	-	-	1,784	-	-	1,784
Net loss for the period	-	-	-	-	(112,018)	(112,018)
Balance, August 31, 2022	37,311,335	\$3,701,668	\$ 14,098	\$ 227,029	\$ (2,442,532)	\$ 1,500,263

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance May 31, 2021	25,311,335	\$2,516,135	\$ -	\$ -	\$ (1,579,258)	\$ 936,877
Net loss for the period	-	-	-	-	(46,121)	(46,121)
Balance, August 31, 2021	25,311,335	\$2,516,135	\$ -	\$ -	\$ (1,625,379)	\$ 890,756

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

S2 Minerals Inc.
Notes to Condensed Interim Financial Statements
Three Months Ended August 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS

S2 Minerals Inc. ("S2" or the "Company") was incorporated on November 30, 2020 under the laws of the Province of Ontario, Canada, and its head office is located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, M5H 3L5.

On February 2, 2021, G2 Goldfields Inc. ("G2") entered into an arrangement agreement with S2 pursuant to which G2 agreed to transfer its Sandy Lake properties (the "Sandy Lake Project") to S2 and spin-out all of the shares of S2 through a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the "Arrangement"). The Arrangement was subject to, among other things, approval of the TSX Venture Exchange and court approval, as well as approval by not less than two-thirds of the votes cast at a special meeting of shareholders of G2. As at February 28, 2021, S2 was a wholly owned subsidiary of G2.

The COVID-19 outbreak has been declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. Currently all communication with the First Nations community is remote and strict quarantine protocols make physical work at the site impossible.

The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. The Company continues to operate under these conditions.

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the Company's annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. These unaudited condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended May 31, 2022, which include information necessary or useful to understanding the Company's business and financial statement presentation.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended May 31, 2022, except for the adoption of new amendments to IFRS standards as set out below.

In preparing these unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The critical judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied and disclosed in the Company's financial statements for the year ended May 31, 2022.

These unaudited condensed interim financial statements were approved by the Board of Directors on October 31, 2022.

S2 Minerals Inc.
Notes to Condensed Interim Financial Statements
Three Months Ended August 31, 2022
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2. BASIS OF PREPARATION (CONTINUED)

Adoption of Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The Company adopted Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) on June 1, 2022. These amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and equipment while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the statement of operations. The amendments did not have any impact on the Company's unaudited condensed interim financial statements upon adoption.

Other Narrow Scope Amendments to IFRSs and IFRS Interpretations

The Company adopted various amendments to IFRSs, which were effective for accounting periods beginning on or after June 1, 2022. The impact of adoption was not significant to the Company's unaudited condensed interim financial statements.

New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after May 31, 2023. Management is still evaluating and does not expect any such pronouncements to have a significant impact on the Company's unaudited condensed interim financial statements upon adoption.

3. AMOUNTS RECEIVABLE

	As at August 31, 2022	As at May 31, 2022
Sales tax recoverable	\$ 6,820	\$ 8,742
Total	\$ 6,820	\$ 8,742

4. SHARE CAPITAL

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of Shares	Share Capital
Balance, May 31, 2021 and August 31, 2021	25,311,335	\$ 2,516,135
	Number of Shares	Share Capital
Balance, May 31, 2022 and August 31, 2022	37,311,335	\$ 3,701,668

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4. SHARE CAPITAL (Continued)

c) Stock options

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2021 and August 31, 2021	-	\$ -

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2022 and August 31, 2022	300,000	\$ 0.25

On November 23, 2021, the Company granted 300,000 stock options to a director of the Company. Each stock option allows the holder to acquire one common share at an exercise price of \$0.25 for a period of 3 years. The options shall vest as to one-quarter upon the date of grant, one-quarter upon 6 months, 12 months, and 18 months from the grant date, respectively. A grant date fair value of \$16,970 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.17%; expected life of 3 years; share price of \$0.145; and an expected volatility of 80% based on the Company's historical trading data.

The total value of stock-based compensation expense for the three months ended August 31, 2022 was \$1,784 (three months ended August 31, 2021 - \$nil) relating to these granted stock options.

As at August 31, 2022, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
300,000	150,000	\$0.25	2.23	November 23, 2024
300,000	150,000	\$0.25	2.23	

d) Share purchase warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2021 and August 31, 2021	-	\$ -

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2022 and August 31, 2022	6,000,000	\$ 0.25

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4. SHARE CAPITAL (Continued)

d) Share purchase warrants (continued)

As at August 31, 2022, the following warrants were outstanding:

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
\$ 227,029	6,000,000	\$0.25	January 28, 2024
\$ 227,029	6,000,000	\$0.25	

5. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended August 31, 2022 was based on the loss attributable to common shares of \$112,018 (three months ended August 31, 2021 - loss of \$46,121) and the weighted average number of common shares outstanding of 37,311,335 (August 31, 2021 - 25,311,335). Diluted loss did not include the effect of stock options and warrants for the three months ended August 31, 2022 and August 31, 2021, as they are anti-dilutive.

6. KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer ("CFO").

The compensation cost for key management personnel is as follows:

Three months ended August 31,	2022	2021
Salaries and fees	\$ 12,000	\$ -
Stock-based compensation (note 4(c))	1,784	-
	\$ 13,784	\$ -

During the three months ended August 31, 2022, the Company paid professional fees and disbursements of \$12,000 (three months ended August 31, 2021 - \$nil) to a director of the Company. These services were incurred in the normal course of operations for First Nation relations and these amounts are included in professional fees. As at August 31, 2022, this director was owed \$1,449 (May 31, 2022 - \$nil).

7. RELATED PARTY TRANSACTIONS

As at August 31, 2022, the amount of \$142,527 (May 31, 2022 - \$142,527) is owed to G2, a company with common directors and management with S2, which is unsecured, non-interest bearing, and due on demand. The amount is included in current liabilities.

During the three months ended August 31, 2022, the Company paid professional fees and disbursements of \$7,635 (three months ended August 31, 2021 - \$nil) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is Managing director. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for financial reporting matters and these amounts are included in professional fees. As at August 31, 2022, Marrelli Support was owed \$nil (May 31, 2022 - \$nil).

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7. RELATED PARTY TRANSACTIONS (Continued)

During the three months ended August 31, 2022, the Company paid professional fees and disbursements of \$4,628 (three months ended August 31, 2021 - \$nil) to DSA Filing Services Inc. ("DSA Filing"), an organization that Carmelo Marrelli controls. These services were incurred in the normal course of operations for filing matters and these amounts are included in reporting issuer costs. As at August 31, 2022, DSA Filing was owed \$4,667 (May 31, 2022 - \$nil).

8. SEGMENTED INFORMATION

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts.

9. EXPLORATION AND EVALUATION

Activity on the specific projects are outlined below for the periods presented.

Three months ended August 31, 2022

	Sandy Lake Project	Weebigee Joint Venture	Carpenter Project	Total
Additions	\$ -	\$ 500	\$ 13,342	\$ 13,842
	\$ -	\$ 500	\$ 13,342	\$ 13,842

The Company is party to an option agreement whereby the Company may acquire up to a 100% interest in certain claims by making cash payments totaling \$950,000 and issuing a total of 200,000 common shares in the Company before December 2025. In order for the Company to exercise the option the consideration is due as follows to the optionor:

- \$100,000 cash payment plus 50,000 common shares in S2 is due by December 2022
- \$150,000 cash payment plus 50,000 common shares in S2 is due by December 2023
- \$200,000 cash payment plus 50,000 common shares in S2 is due by December 2024
- \$500,000 cash payment plus 50,000 common shares in S2 is due by December 2025

The Company is also party to various agreements whereby certain mineral claims are subject to a 2% Net Smelter Royalty (NSR).