S2 MINERALS INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of S2 Minerals Inc.:

Opinion

We have audited the financial statements of S2 Minerals Inc. (the "Company"), which comprise the statements of financial position as at May 31, 2023 and May 31, 2022, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended May 31, 2023 and May 31, 2022, 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 May 31, 2023 and May 31, 2022, and its financial performance and its cash flows for the years ended May 31, 2023 and May 31, 2022 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis 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. We have nothing to report in this regard.

MNP LLP
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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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Brock Stroud.

MNP LLP

Toronto, Ontario
September 26, 2023

Chartered Professional Accountants
Licensed Public Accountants

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

As at May 31,	2023	2022
ASSETS		
Current		
Cash	$ 999,880	$ 1,814,481
Short-term investments	10,000	10,000
Amounts receivable (note 4)	2,563	8,742
Prepaids	8,117	4,563
Total current assets	1,020,560	1,837,786
Non-Current		
Fixed assets (note 5)	209,897	-
Total non-current assets	209,897	-
Total assets	$ 1,230,457	$ 1,837,786
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 181,628	$ 84,762
Due to related party (note 11)	-	142,527
Total current liabilities	181,628	227,289
Total liabilities	181,628	227,289
SHAREHOLDERS' EQUITY		
Share capital (note 10)	3,785,365	3,701,668
Contributed surplus (note 10(c))	16,970	12,314
Warrants (note 10(d))	227,029	227,029
Deficit	(2,980,535)	(2,330,514)
Total shareholders' equity	1,048,829	1,610,497
Total liabilities and shareholders' equity	$ 1,230,457	$ 1,837,786

Nature of Operations (note 1)

Approved on behalf of the Board:

"Harvey L.A. Yesno"	"Daniel Noone"
Director	**Director**

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

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

Years Ended May 31,	**2023**	2022
Operating expenses		
Exploration and evaluation (note 12)	**$ 280,141**	$ 474,719
Professional fees	**216,631**	154,757
Salaries and related costs	**59,564**	47,111
Reporting issuer costs	**39,156**	39,971
Office and administrative	**37,801**	16,062
Travel and accommodation	**11,317**	5,720
Stock-based compensation (note 10(c))	**4,656**	12,314
Foreign exchange loss	**755**	602
Comprehensive loss for the year	**$ 650,021**	$ 751,256
Net loss per share		
- basic and diluted (note 8)	**$ 0.02**	$ 0.03
Weighted average number of common shares outstanding - basic and diluted (note 8)	**37,397,521**	29,355,171

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

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

Years Ended May 31,	2023	2022
Operating activities		
Net loss for the period	$ (650,021)	$ (751,256)
Adjustments for non-cash items:		
Stock-based compensation (note 10(c))	4,656	12,314
Depreciation (note 5)	15,103	-
Shares issued for mineral property payments	83,697	-
Changes in non-cash working capital items:		
Amounts receivable	6,179	12,197
Prepaids	(3,554)	(4,563)
Accounts payable and accrued liabilities	96,866	(64,183)
Due to related party	(142,527)	12,629
Net cash used in operating activities	(589,601)	(782,862)
Investing activities		
Purchase of fixed assets (note 5)	(225,000)	-
Purchase of short-term investments	-	(10,000)
Net cash used in investing activities	(225,000)	(10,000)
Financing activities		
Private placement (note 10(b)(i))	-	1,440,000
Share issue costs	-	(27,438)
Net cash provided by financing activities	-	1,412,562
Net change in cash	(814,601)	619,700
Cash, beginning of year	1,814,481	1,194,781
Cash, end of year	$ 999,880	$ 1,814,481

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

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

	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**
Stock-based compensation (note 10(c))	-	-	12,314	-	-	12,314
Private placement (net of issuance costs) (note 10(b)(i))	12,000,000	1,412,562	-	-	-	1,412,562
Issuance of warrants (note 10(b)(i))	-	(227,029)	-	227,029	-	-
Net loss for the year	-	-	-	-	(751,256)	(751,256)
Balance, May 31, 2022	**37,311,335**	**$ 3,701,668**	**$ 12,314**	**$ 227,029**	**$ (2,330,514)**	**$ 1,610,497**
Mineral property payments (note 12)	576,315	83,697	-	-	-	83,697
Stock-based compensation (note 10(c))	-	-	4,656	-	-	4,656
Net loss for the year	-	-	-	-	(650,021)	(650,021)
Balance, May 31, 2023	**37,887,650**	**$ 3,785,365**	**$ 16,970**	**$ 227,029**	**$ (2,980,535)**	**$ 1,048,829**

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

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.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standards using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Board of Directors on September 26, 2023.

(b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss ("FVTPL") which are stated at fair values. The accounting policies have been applied consistently throughout all periods presented in these financial statements.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Areas of judgment that have the most significant effect on amounts recognized in the financial statements are disclosed below.

- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- Management is required to estimate the inputs used in the Black-Scholes model to value stock options and warrants issued during the year.
- Estimate of useful lives - for depreciable fixed assets, management makes estimates to determine depreciation. Should the actual useful life vary from the initial estimation, future depreciation charges may change. Should the componentization of these like assets change, depreciation charges may vary materially.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below:

(a) Cash

Cash comprises of cash held in financial institutions.

(b) Short-term investments

Short-term investments consist of Canadian Guaranteed Investments which have been designate as fair value through profit or loss. As at each period end, short-term investments are recorded at fair value, with changes recognized in the statement of loss and comprehensive loss.

(c) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred. Refer to note 3(l).

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

(d) Fixed Assets

On the initial recognition, fixed assets are valued at cost, being the purchase price and directly attributable costs of acquisition. Fixed assets are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying cost amount and are recognized on the statement of loss and comprehensive loss.

Depreciation is recognized in the statement of loss and comprehensive loss over their estimated useful lives. Equipment is depreciated over a 10-year useful life.

(e) Warrant and share-based compensation

The Company grants stock options to buy common shares of the Company to employees, consultants, directors and officers. The Company may also issue warrants to agents as finder's fees. The Company recognizes share-based compensation expense based on the estimated fair value of the warrants and stock options. A fair value measurement is made for each vesting installment within each warrant and stock option grant and is determined using the Black-Scholes option-pricing model. The fair value of the warrants and stock options is recognized over the vesting period of the warrant and stock option granted as either share-based compensation expense, or as share issuance costs when awarded to agents as finders' fees, with a corresponding amount recognized for each of share-based compensation and share issuance costs, in reserves. This measurement includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the warrants and stock options are exercised and the amount initially recorded is then credited to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Warrant and share-based compensation (continued)

Charges for options or warrants that are cancelled or expire are reclassified from reserves to deficit. In addition, where the terms of a stock option or warrant are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

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

(f) Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. 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 period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recorded for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are recorded to recognize tax benefits only to the extent, based on available evidence, that it is probable that they will be realized. 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 nor taxable loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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 expected to be applied to temporary differences which may reverse, based on tax laws, enacted or substantively enacted at the statement of financial position date.

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.

(g) Basic and Diluted Earnings (Loss) per Share

Basic earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, restricted share unit’s and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

(h) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(j) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Below is a summary showing the classification and measurement bases of the Company's financial instruments.

	Classification
Cash	FVTPL
Short-term investments	FVTPL
Accounts payable and accrued liabilities	Amortized Cost
Due to related party	Amortized Cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

Investments recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: (1) the object of the Company's business model for these financial assets is to collect their contractual cash flows, and (2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial Instruments (continued)

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non- cash assets transferred or liabilities assumed, is recognized in profit or loss.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at May 31, 2023, the Company did not hold financial instruments recorded at fair value that would require classification within the fair value hierarchy, except for cash and short-term investments (Level 1). The carrying value of the financial instruments noted above approximate their fair value due to the short-term nature of these instruments.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(l) Other Narrow Scope Amendments to IFRSs and IFRS Interpretations

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 financial statements upon adoption.

(m) 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 consolidated financial statements upon adoption.

Recent accounting pronouncements include Amendments to IAS 12, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, narrowing the scope for exemption when recognizing deferred taxes (January 1, 2023). We do not expect IAS 12 amendments effective January 1, 2023, will have an effect on our financial statements.

4. AMOUNTS RECEIVABLE

As at May 31,	**2023**	2022
Sales tax recoverable	**$ 2,563**	$ 8,742
Total	**$ 2,563**	$ 8,742

(Expressed in Canadian Dollars)

5. FIXED ASSETS

Cost	**Exploration Equipment**
Balance, May 31, 2022	**$ -**
Additions	**225,000**
Balance, May 31, 2023	**$ 225,000**

Accumulated Depreciation	**Exploration Equipment**
Balance, May 31, 2022	**$ -**
Depreciation	15,103
Balance, May 31, 2023	**$ 15,103**

Carrying amounts	**Exploration Equipment**
Balance, May 31, 2022	**$ -**
Balance, May 31, 2023	**$ 209,897**

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company manages its exposure to a number of different financial risks arising from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

(a) Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash and short-term investments. The Company reduces its credit risk by maintaining its cash and short-term investments with reputable financial institutions.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company’s investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at May 31, 2023, the Company had current liabilities of $181,628 and has cash of $999,880 to meet its current obligations. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(c) Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant risk to future cash flows from interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

7. 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 financial statements also represent segment amounts.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended May 31, 2023 was based on the loss attributable to common shares of $650,021 (May 31, 2022 - loss of $751,256) and the weighted average number of common shares outstanding of 37,397,521, respectively (May 31, 2022 - 29,355,171).

9. CAPITAL MANAGEMENT

The Company considers its capital to consist of its shareholders' equity balance, which as at May 31, 2023, totaled equity of $1,048,829 (May 31, 2022 - $1,610,497).

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in major financial institutions.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

10. 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	**25,311,334**	**$**	**2,516,135**
Private Placement (i)	12,000,000		1,440,000
Share issue costs	-		(27,438)
Warrant valuation (i)	-		(227,029)
Balance, May 31, 2022	**37,311,334**	**$**	**3,701,668**

	Number of Shares		Share Capital
Balance, May 31, 2022	**37,311,334**	**$**	**3,701,668**
Mineral property payments (note 12)	576,315		83,697
Balance, May 31, 2023	**37,887,649**	**$**	**3,785,365**

(i) On January 28, 2022, S2 closed a non-brokered private placement (the “Offering”). In connection with the closing of the Offering (the “Closing”), the Company sold 12,000,000 units (the “Units”) at a price of $0.12 per Unit, for gross proceeds of $1,440,000. Each Unit consisted of one common share and one-half of a common share purchase warrant (“Warrant”). Each whole Warrant entitles the holder, on exercise, to purchase one common share for a period of two years following the date of the Closing at an exercise price of $0.25 per common share. A fair value of $227,029 was estimated for the Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.25%; expected life of 2 years; share price of $0.15; and an expected volatility of 72.5% based on the Company’s historical trading data.

c) Stock Options

A summary of changes in stock options is as follows:

	Number of Options		Weighted Average Exercise Price
Balance, May 31, 2022	**-**	**$**	**-**
Granted (i)	300,000		0.25
Balance, May 31, 2022 and May 31, 2023	**300,000**	**$**	**0.25**

(i) 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.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

c) Stock Options (continued)

The total value of stock-based compensation expense for the year ended May 31, 2023 was $4,656 (May 31, 2022 - $12,314) relating to these granted stock options.

As at May 31, 2023, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
300,000	300,000	$0.25	1.48	November 23, 2024
300,000	**300,000**	**$0.25**	**1.48**	

d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2021	**-**	**$ -**
Granted (note 10(b)(i))	6,000,000	0.25
Balance, May 31, 2023	**6,000,000**	**$ 0.25**

As at May 31, 2023, 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**	

11. RELATED PARTY TRANSACTION

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") and the Corporate Secretary. As at May 31, 2023, there were no balances owed to management (May 31, 2022 - $nil).

The compensation cost for key management personnel is as follows:

Years Ended May 31,	2023	2022
Salaries and fees	$ 116,080	$ 30,080
Share-based compensation (note 10(c))	4,656	12,314
	$ 120,736	**$ 42,394**

As at May 31, 2023, the amount of $nil (May 31, 2022 - $142,527) is owed to G2 Goldfields Inc. ("G2"), a company with common directors and management with S2, which is unsecured, non-interest bearing, and due on demand. The amount was fully settled during fiscal 2023. In addition, during the year ended May 31, 2023, the Company paid rent of $15,000 (May 31, 2022 - $nil) to G2.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTION (Continued)

During the year ended May 31, 2023, the Company paid professional fees and disbursements totaling $34,753 (May 31, 2022 - $34,146) to Marrelli Support Services Inc., and certain of its affiliates, together known as the "Marrelli Group", for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the CFO of the Company, and (ii) regulatory filing services. The Marrelli Group was owed $nil (May 31, 2022 - $254) and these amounts were included in accounts payable and accrued liabilities.

12. EXPLORATION AND EVALUATION

Year ended May 31, 2023

	Sandy Lake Project	Weebigee Joint Venture	Fort Hope Project	Total
Additions	$ 225	$ 1,680	$ 263,133	$ 265,038
Depreciation of exploration equipment (note 5)	-	-	15,103	15,103
	$ 225	**$ 1,680**	**$ 278,236**	**$ 280,141**

Year ended May 31, 2022

	Sandy Lake Project	Weebigee Joint Venture	Fort Hope Project	Total
Additions	$ 14,349	$ 33,007	$ 441,944	$ 489,300
Recovery of costs	-	(14,581)	-	(14,581)
	$ 14,349	**$ 18,426**	**$ 441,944**	**$ 474,719**

The Company is party to an option agreement whereby the Company may acquire up to a 100% interest in certain claims in the Fort Hope Project by making cash payments totaling $1,000,000 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 Slam Exploration Ltd.:

- $50,000 cash payment (paid) on execution
- $100,000 cash payment (paid) plus 50,000 common shares (issued and valued at $4,750) 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).

(Expressed in Canadian Dollars)

12. EXPLORATION AND EVALUATION (Continued)

On April 17, 2023, S2 announced that it has acquired 880 mining claims (the "Property") in the Veekay Lake, Gifford Lake, Opikeigan Lake, Frond Lake, Rich Lake and Reserve Lake areas in Ontario.

The Property was acquired from a director of the Company pursuant to an assignment agreement dated as of April 14, 2023. The director had acquired the Property from an arm's length third party for a cash payment of $300,000 and a 2% net smelter returns royalty (the "Royalty") and agreed that if the Property was assigned to a public company before March 2024, such public company would issue $50,000 of common shares (the "Shares"). The Company can purchase 1% of the Royalty for $1,000,000. The Company assumed the obligations under the Royalty and issued 526,315 Shares valued at a price of $0.15 per Share to Windfall Geotek Inc., arm's length third party.

13. INCOME TAXES

Rate reconciliation

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 - 26.5%) to the effective tax rate is as follows:

For the years May 31,		2023		2022
Loss before income taxes	$	**(650,021)**	$	**(751,256)**
Expected income tax recovery based on statutory rate		(172,256)		(199,080)
Tax rate change and other adjustments		1,519		(7,270)
Share based compensation and non-deductible expenses		1,234		3,460
Change in deferred tax asset not recognized		169,503		202,890
Tax provision	**$**	**-**	**$**	**-**

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deferred tax assets (liabilities)

As at May 31,		2023		2022
Fixed assets	$	(69,272)	$	-
Share issue costs		30,204		42,150
Non-capital losses carried forward - Canada		1,001,242		541,650
Resource pools - Mineral Properties		1,975,984		1,776,090
		2,938,158		2,359,890
Less: deferred tax assets not recognized		(2,938,158)		(2,359,890)
Net deferred income tax assets (liabilities)	**$**	**-**	**$**	**-**

13. INCOME TAXES (Continued)

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2026.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Period	Amount
2041	$ 268,152
2042	273,451
2043	459,639
	$ 1,001,242