
S2 MINERALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED AUGUST 31, 2023
(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, 2023	As at May 31, 2023
ASSETS		
<i>Current</i>		
Cash	\$ 907,932	\$ 999,880
Short-term investments	10,000	10,000
Amounts receivable (note 3)	5,038	2,563
Prepays	7,330	8,117
Total current assets	930,300	1,020,560
<i>Non-Current</i>		
Fixed assets (note 4)	204,272	209,897
Total non-current assets	204,272	209,897
Total assets	\$ 1,134,572	\$ 1,230,457
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 164,814	\$ 181,628
Total current liabilities	164,814	181,628
Total liabilities	164,814	181,628
SHAREHOLDERS' EQUITY		
Share capital (note 6)	3,785,365	3,785,365
Contributed surplus (note 6(c))	16,970	16,970
Warrants (note 6(d))	227,029	227,029
Deficit	(3,059,606)	(2,980,535)
Total shareholders' equity	969,758	1,048,829
Total liabilities and shareholders' equity	\$ 1,134,572	\$ 1,230,457

Nature of Operations (note 1)

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,	2023	2022
Operating expenses		
Exploration and evaluation (note 8)	\$ 6,194	\$ 13,842
Professional fees	39,365	48,591
Salaries and related costs	12,936	19,725
Reporting issuer costs	9,095	11,985
Office and administrative	6,404	11,534
Travel and accommodation	4,807	4,508
Stock-based compensation (note 6(c))	-	1,784
Foreign exchange loss	270	49
Comprehensive loss for the period	\$ 79,071	\$ 112,018
Net loss per share		
- basic and diluted (note 5)	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding - basic and diluted (note 5)	37,887,650	37,311,335

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,	2023	2022
Operating activities		
Net loss for the period	\$ (79,071)	\$ (112,018)
<i>Adjustments for non-cash items:</i>		
Stock-based compensation (note 6(c))	-	1,784
Depreciation (note 4)	5,625	-
<i>Changes in non-cash working capital items:</i>		
Amounts receivable	(2,475)	1,922
Prepays	787	2,145
Accounts payable and accrued liabilities	(16,814)	(15,443)
Net cash used in operating activities	(91,948)	(121,610)
Net change in cash	(91,948)	(121,610)
Cash, beginning of period	999,880	1,814,481
Cash, end of period	\$ 907,932	\$ 1,692,871

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 6(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
Balance May 31, 2023	37,887,650	\$ 3,785,365	\$ 16,970	\$ 227,029	\$(2,980,535)	\$ 1,048,829
Net loss for the period	-	-	-	-	(79,071)	(79,071)
Balance, August 31, 2023	37,887,650	\$ 3,785,365	\$ 16,970	\$ 227,029	\$(3,059,606)	\$ 969,758

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, 2023
(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.

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, 2023, 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 financial statements for the year ended May 31, 2023, except for the adoption of new 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, 2023.

These unaudited condensed interim financial statements were approved by the Board of Directors on October 24, 2023.

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, 2023. 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, 2024. 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, 2023	As at May 31, 2023
Sales tax recoverable	\$ 5,038	\$ 2,563
Total	\$ 5,038	\$ 2,563

S2 Minerals Inc.
Notes to Condensed Interim Financial Statements
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4. FIXED ASSETS

Cost	Exploration Equipment
Balance, May 31, 2023	\$ 225,000
Balance, August 31, 2023	\$ 225,000
Accumulated Depreciation	Exploration Equipment
Balance, May 31, 2023	\$ 15,103
Depreciation	5,625
Balance, August 31, 2023	\$ 20,728
Carrying amounts	Exploration Equipment
Balance, May 31, 2023	\$ 209,897
Balance, August 31, 2023	\$ 204,272

5. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended August 31, 2023 was based on the loss attributable to common shares of \$79,071 (three months ended August 31, 2022 - loss of \$112,018) and the weighted average number of common shares outstanding of 37,887,650 (three months ended August 31, 2022 - 37,311,335).

6. 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, 2022 and August 31, 2022	37,311,335	\$ 3,701,668
	Number of Shares	Share Capital
Balance, May 31, 2023 and August 31, 2023	37,887,650	\$ 3,785,365

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6. 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, 2022 and August 31, 2022	300,000	\$ 0.25
Balance, May 31, 2023 and August 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.

The total value of stock-based compensation expense for the three months ended August 31, 2023 was \$nil (three months ended August 31, 2022 - \$1,784) relating to these granted stock options.

As at August 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	1.23	November 23, 2024
300,000	300,000	\$0.25	1.23	

d) Share Purchase Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2022 and August 31, 2022	6,000,000	\$ 0.25
Balance, May 31, 2023 and August 31, 2023	6,000,000	\$ 0.25

As at August 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	

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7. 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"). As at August 31, 2023, there were no balances owed to management (May 31, 2023 - \$nil).

The compensation cost for key management personnel is as follows:

Three Months Ended August 31,	2023	2022
Salaries and fees	\$ 27,000	\$ 24,000
Stock-based compensation (note 6(c))	-	1,784
	\$ 27,000	\$ 25,784

During the three months ended August 31, 2023, the Company paid rent of \$7,500 (three months ended August 31, 2022 - \$nil) to G2 Goldfields Inc. ("G2"), a company with common directors and management with S2 .

During the three months ended August 31, 2023, the Company paid professional fees and disbursements totaling \$7,815 (three months ended August 31, 2022 - \$12,263) 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, 2023 - \$nil) and these amounts were included in accounts payable and accrued liabilities.

8. EXPLORATION AND EVALUATION

Three Months Ended August 31, 2023

	Sandy Lake Project	Weebigee Joint Venture	Fort Hope Project	Total
Additions	\$ 1,650	\$ (1,081)	\$ -	\$ 569
Depreciation of exploration equipment (note 4)	-	-	5,625	5,625
	\$ 1,650	\$ (1,081)	\$ 5,625	\$ 6,194

Three Months Ended August 31, 2022

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

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8. EXPLORATION AND EVALUATION (Continued)

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).

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., an arm's length third party.