CAPROCK MINING CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MAY 31, 2022

AND

THE PERIOD FROM SEPTEMBER 14, 2020 (DATE OF INCORPORATION) TO MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management of Caprock Mining Corp.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Caprock Mining Corp.
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	As at May 31, 2022	As at August 31, 2021
	$	$
Assets		
Current Assets		
Cash	**888,042**	1,389,659
Receivables (Note 4)	**20,027**	43,483
Prepaid expenses (Note 5)	**25,402**	44,158
Total Current Assets	**933,471**	1,477,300
Exploration and evaluation assets (Note 6)	**2,000,000**	-
Total Assets	**2,933,471**	1,477,300
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	**112,083**	69,982
Total Liabilities	**112,083**	69,982
Shareholders' Equity		
Share capital (Note 8)	**3,553,824**	1,553,824
Reserve for restricted share units (Note 9)	**61,968**	-
Reserve for share-based payments (Note 10)	**108,779**	-
Reserve for warrants reserve (Note 11)	**408,500**	408,500
Accumulated deficit	**(1,311,683)**	(555,006)
Total Shareholders' Equity	**2,821,388**	1,407,318
Total Liabilities and Shareholders' Equity	**2,933,471**	1,477,300

Nature of operations and going concern (Note 1)
Contingencies (Note 15)

Approved on behalf of the Board of Directors:

"Vishal Gupta"
Vishal Gupta, Director

"Andres Tinajero"
Andres Tinajero, Director

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

Caprock Mining Corp.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months ended May 31, 2022 and the Period from Incorporation to May 31, 2021
(Expressed in Canadian Dollars)

	Three Months ended May 31, 2022	Three Months ended May 31, 2021	**Nine Months ended May 31, 2022**	For Period from Incorporation to May 31, 2021
	$	$	**$**	$
Expenses				
Professional fees (Note 12)	**156,634**	222,790	**440,533**	285,875
Share-based compensation (Notes 9 and 10)	**170,747**	-	**170,747**	-
Office and general	**11,658**	1,458	**36,162**	1,458
Exploration and evaluation expenditures (Note 6)	**7,493**	-	**34,929**	22,272
Shareholder costs	**4,264**	9,906	**34,009**	9,906
Non-recoverable input tax credits	**-**	20,053	**24,439**	20,053
Advertising and promotion	**2,997**	-	**9,177**	-
Travel and entertainment	**3,156**	-	**6,681**	-
Net Loss and Comprehensive Loss	**(356,949)**	(254,207)	**(756,677)**	(339,564)
Weighted Average Number of Outstanding Shares – Basic and diluted	**40,372,500**	24,392,147	**33,742,463**	15,112,268
Net Loss per Share – Basic and diluted	**(0.009)**	(0.010)	**(0.022)**	(0.022)

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

Caprock Mining Corp.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the Nine Months ended May 31, 2022 and the Period from Incorporation to May 31, 2021
(Expressed in Canadian Dollars)

		Share Capital		Reserves				
	Notes	Number of Shares	Amount	Reserve for Restricted Share Units	Reserve for Share-Based Payments	Reserve for Warrants	Accumulated Deficit	Total
		#	$	$	$	$	$	$
Balance, September 14, 2020		-	-	-	-	-	-	-
Issuance of shares to founders	8	10,000,000	50,000	-	-	-	-	50,000
Units and warrants issued on private placements	8, 11	18,872,500	1,532,950	-	-	354,300	-	1,887,250
Share issued for services	8	1,500,000	121,500	-	-	-	-	121,500
Shares issue cost	8, 11	-	(150,626)	-	-	54,200	-	(96,426)
Net loss for the period		-	-	-	-	-	(339,564)	(339,564)
Balance, May 31, 2021		**30,372,500**	**1,553,824**	-	-	**408,500**	**(339,564)**	**1,622,760**
Balance, August 31, 2021		**30,372,500**	**1,553,824**	-	-	**408,500**	**(555,006)**	**1,407,318**
Issuance on property acquisition	7	10,000,000	2,000,000	-	-	-	-	2,000,000
Share-based compensation	9, 10	-	-	61,968	108,779	-	-	170,747
Net loss for the period		-	-	-	-	-	(756,677)	(756,677)
Balance, May 31, 2022		**40,372,500**	**3,553,824**	**61,968**	**108,779**	**408,500**	**(1,311,683)**	**2,821,388**

Caprock Mining Corp.

Unaudited Condensed Interim Statements of Cash Flows
For the Nine Months ended May 31, 2022 and the Period from Incorporation to May 31, 2021
(Expressed in Canadian Dollars)

	Nine Months ended May 31, 2022	For Period from Incorporation to May 31, 2021
	$	$
Operating Activities		
Net loss for the period	**(756,677)**	(339,564)
Adjustments for non-cash items:		
Share-based compensation (Notes 9 and 10)	**170,747**	-
Non-cash success fees (Note 8)	**-**	121,500
	(585,930)	(218,064)
Net change in non-cash working capital items:		
Receivables (Note 4)	**23,456**	(23,378)
Prepaid expenses (Note 5)	**18,757**	(5,954)
Accounts payable and accrued liabilities (Note 6)	**42,100**	56,668
Cash Flows (used in) Operating Activities	**(501,617)**	(190,728)
Financing Activities		
Proceeds from private placements (Note 8)	**-**	1,937,250
Share issuance costs (Note 8 and 12)	**-**	(96,426)
Cash Flows provided by Financing Activities	**-**	1,840,824
(Decrease) increase in cash	**(501,617)**	1,650,096
Cash, beginning of period	**1,389,659**	-
Cash, end of period	**888,042**	1,650,096

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

1. Nature of Operations and Going Concern

Caprock Mining Corp. ("Caprock" or the "Company") was incorporated as Blingold Corp. under the provisions of the *Business Corporations Act* (Ontario) on September 14, 2020. On July 12, 2021, the Company filed Articles of Amendment to change the name from Blingold Corp. to Caprock Mining Corp. The Company was incorporated to explore and evaluate mining properties in Canada. The registered address of the Company is 77 King Street West, Suite 2905, Toronto, Ontario, M5k 1H1, Canada. On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR".

The Company is considered to be in the exploration stage and has not yet determined whether its mineral properties contain economically recoverable reserves. The continued operations of the Company and the recoverability of amounts shown or expended for exploration and evaluation ("E&E") assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The expected primary source of future funds presently available to the Company is through the issuance of common shares, or sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company.

For the nine months ended May 31, 2022, the Company incurred a net loss of $756,677 and negative cash flow from operations of $501,617, and as at May 31, 2022, the Company had an accumulated deficit of $1,311,683 (August 31, 2021 – deficit of $555,006). The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitability levels of operations.

These unaudited condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, and do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses, and classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements.

These unaudited condensed interim financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on July 5, 2022.

2. Basis of Presentation (continued)

(b) Basis of Measurement

These unaudited condensed interim financial statements have been prepared in accordance with IFRS, on the historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional Currency

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

(d) Significant Accounting Judgments and Estimates

The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company’s ability to continue as a going concern by reviewing the Company’s performance, resources and future obligations.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model (“Black-Scholes”). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Impairment

Long-lived assets, including E&E assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

2. Basis of Presentation (continued)

(d) Significant Accounting Judgments and Estimates (continued)

Restoration, rehabilitation and environmental obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates.

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the period from September 14, 2020 (Date of Incorporation) to August 31, 2021, unless otherwise noted below.

(a) Share-Based Payments Transactions

The Company operates a stock option plan (the "Option Plan"). Share-based payments to directors, officers or employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are provided. The fair value of options is determined using Black-Scholes. The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the reserve for share-based payments.

(b) Restricted Share Units

The Company operates a restricted share units plan (the "RSU Plan"). RSUs are equity-settled share-based payments and are measured at fair value on the date of grant. The fair value of RSU is determined by the greater of (i) the weighted average of the trading price per share on the CSE for the last five trading days ending on the grant date; and (ii) the closing price of the shares on the day before the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to restricted share unit reserve. Under IFRS, the Company's RSUs are classified as equity-settled share-based payment transactions as they are settled in common shares at the sole discretion of the Company.

(c) Adoption of New Accounting Policies

The Company adopted the following amendments, effective September 1, 2021. The changes were made in accordance with the applicable transitional provisions. The Company early-adopted these amendments and had assessed that there was no material impact upon their adoption on its unaudited condensed interim financial statements:

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

(c) Adoption of New Accounting Policies (continued)

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

4. Receivables

The Company's receivables balance represents amounts due from government taxation authorities in respect of the Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no credit loss has been recorded against these receivables, which are due in less than one year.

5. Prepaid expenses

	May 31, 2022	August 31, 2021
	$	$
Prepaid insurance	**4,160**	25,625
Other advances	**21,242**	18,533
	25,402	44,158

6. Exploration and Evaluation Assets

On March 11, 2021, the Company entered into an agreement with Big Ridge Gold Corp. ("Big Ridge") (the "Big Ridge Agreement"), to acquire an aggregate of 523 mining claims and 15 leases located in the Province of Ontario known as the Mud Lake, Golden Heart, Brookbank East, three Towers, Miner Lake and Green Oaks properties, subject to royalties (collectively the "Big Ridge Property") for the purchase price of 10,000,000 common shares at a deemed price of $0.10 per common share. As a condition of closing, the Company must have all necessary approvals to complete a going public transaction, which occurred on January 26, 2022, when the Company's common shares were listed for trading on the CSE. The Big Ridge Property acquisition closed on February 28, 2022, and 10,000,000 common shares were issued at the price of $0.20 per share, being the closing price of the common shares on that date.

The Company's carrying value of its E&E assets are as follows:

	May 31, 2022	August 31, 2021
	$	$
Acquisition	**2,000,000**	-
	2,000,000	-

During the three and nine months ended May 31, 2022, the Company's E&E expenditures on its properties are comprised of the following:

	Three Months ended May 31, 2022	Three Months ended May 31, 2021	**Nine Months ended May 31, 2022**	For Period from Incorporation to May 31, 2021
	$	$	**$**	$
Land related expenses	**7,493**	-	**7,713**	-
Geological expenses	**-**	-	**27,216**	22,272
	7,493	-	**34,929**	22,272

(Expressed in Canadian Dollars)

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

	May 31, 2022	August 31, 2021
	$	$
Accounts payable	**20,599**	42,906
Accrued liabilities	**91,484**	27,076
	112,083	69,982

8. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. All common shares are ranked equally with regards to the Company's residual assets.

Common shares issued and outstanding as at May 31, 2022 and 2021 are as follows:

Issuance Date		**Number of shares**	**Amount**
		#	**$**
September 14, 2020	Founders' shares (a)	10,000,000	50,000
March 12, 2021	Private placement (c)	11,500,000	1,150,000
March 12, 2021	Unit Warrants valuation (c)	-	(215,893)
March 12, 2021	Broker Warrants valuation (d)	-	(37,772)
April 14, 2021	Private placement (e)	7,170,000	717,000
April 14, 2021	Unit Warrants valuation (e)	-	(134,605)
April 14, 2021	Broker Warrants valuation (f)	-	(15,745)
April 26, 2021	Private placement (g)	202,500	20,250
April 26, 2021	Unit Warrants valuation (g)	-	(3,802)
April 26, 2021	Broker Warrant valuation (h)	-	(683)
	Costs of issue (i)	-	(96,426)
April 22, 2021	Success fee (j)	1,500,000	121,500
Balance, August 31, 2021		**30,372,500**	**1,553,824**
February 28, 2022	Big Ridge asset acquisition (k)	10,000,000	2,000,000
Balance, May 31, 2022		**40,372,500**	**3,553,825**

(a) On September 14, 2020, the Company sold 10,000,000 Founders' Shares at the price of $0.005 per common share for gross proceeds of $50,000.

(b) During the period March 12, 2021 to April 26, 2021, the Company closed a multi-tranche private placement issuing 18,872,500 units (each a "Unit") at the price of $0.10 per Unit for gross proceeds of $1,887,250. Each Unit consisted of one common share and one-half of one warrant (each a "Warrant"), with each whole Warrant exercisable for one common share at a price of $0.15 per common share until the date that is the earlier of (i) 24 months following the completion of a Liquidity Event (as defined below) or (ii) 60 months following the date of issuance.

(c) First tranche of the private placement in (b) above, issuing 11,500,000 Units at $0.10 per Unit consisting of 11,500,000 common shares and 5,750,000 Warrants for aggregate gross proceeds of $1,150,000. The Warrants were assigned a grant date value of $215,893 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.15, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.32% and an expected maturity of 2 years.

8. Share Capital (continued)

(d) In connection with the first tranche in (c) above, the Company issued 672,000 broker warrants (each a "Broker Warrant") at a value of $37,772 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.10, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.94% and an expected maturity of 5 years.

(e) Second tranche of the private placement in (b) above, issuing 7,170,000 Units at $0.10 per Unit consisting of 7,170,000 common shares and 3,585,000 Warrants for aggregate gross proceeds of $717,000. The Warrants were assigned a grant date value of $134,605 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.15, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.32% and an expected maturity of 2 years.

(f) In connection with the second tranche in (e) above, the Company issued 280,110 Broker Warrants at a value of $15,745 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.10, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.94% and an expected maturity of 5 years.

(g) Third tranche of the private placement in (b) above, issuing 202,500 Units at $0.10 per Unit consisting of 202,500 common shares and 101,250 Warrants for aggregate gross proceeds of $20,250. The Warrants were assigned a grant date value of $3,802 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.15, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.32% and an expected maturity of 2 years.

(h) In connection with the third tranche in (g) above, the Company issued 12,150 Broker Warrants at a value of $683 as estimated by using Black-Scholes with the following assumptions: share price of $0.10, exercise price of $0.10, expected dividend yield of 0%, expected volatility of 117%, risk-free rate of return of 0.94% and an expected maturity of 5 years.

(i) In connection with the private placements in (b) above, the Company paid legal fees and other fees totaling $96,426.

(j) The Company issued 1,500,000 common shares at $0.081 per share at a value of $121,500 as compensation for capital markets advisory services rendered to the Company. These shares have been valued pursuant to the valuation requirements as prescribed by IFRS 2 – Share Based Payments.

(k) The Company issued 10,000,000 common shares at $0.20 per share to acquire the Big Ridge Property (Note 6).

9. Reserve for Restricted Share Units

On March 10, 2022, the Company implemented the RSU Plan. Under the RSU Plan, Eligible Persons (as such term is defined in the RSU Plan) may, at the discretion of the Compensation Committee of the Board, be allocated a number of RSUs, which are subject to a maximum vesting term of one year from the calendar year in which the RSUs were granted.

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers. Half of the RSUs vested immediately, while the other half vests 12 months after the date of grant. Share-based compensation of $61,968 in connection with the vesting of these RSUs was recorded during the nine months ended May 31, 2022.

10. Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 10% of the number of issued and outstanding common shares. Under the Option Plan, the exercise price of each option may not be less than the closing price of the Company's common shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board.

(Expressed in Canadian Dollars)

10. Reserve for Share-Based Payments (continued)

As at May 31, 2022, the Company had 2,049,250 common shares available for issuance under the Option Plan.

The following summarizes the stock option activity for the nine months ended May 31, 2022 and period from incorporation to May 31, 2021:

	May 31, 2022		For Period from Incorporation to May 31, 2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**-**	**-**	-	-
Granted	**1,988,000**	**0.12**	-	-
Outstanding, end of period	**1,988,000**	**0.12**	-	-
Exercisable, end of period	**994,000**	**0.12**	-	-

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vest on March 9, 2023. The grant date fair value attributable to these options was $177,252, of which $108,779 was recorded as share-based compensation in connection with the vesting of these options during the nine months ended May 31, 2022.

The following table summarizes information of stock options outstanding and exercisable as at May 31, 2022:

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price**	**Weighted average remaining life**
	#	**#**	**$**	**Years**
March 9, 2027	1,988,000	994,000	0.12	4.78
	1,988,000	**994,000**	**0.12**	**4.78**

11. Reserve for Warrants

The following summarizes the warrant activity for the nine months ended May 31, 2022 and 2021:

	May 31, 2022		For Period from incorporation to May 31, 2021	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted Average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**10,400,510**	**0.15**	-	-
Issued from private placement	**-**	**-**	9,436,250	0.15
Broker warrants issued	**-**	**-**	964,260	0.10
Outstanding, end of period	**10,400,510**	**0.15**	10,400,510	0.15

(Expressed in Canadian Dollars)

11. Reserve for Warrants (continued)

Each warrant is exercisable for one Common Share until the date that is the earlier of (i) 24 months following the completion of a Liquidity Event or (ii) 60 months following the date of issuance. The Liquidity Event means the completion by the Company of: (i) a distribution to the public of Common Shares in Canada or the United States pursuant to a prospectus or registration statement, as applicable, and the concurrent listing of such Common Shares for trading on a recognized exchange in Canada or the United States; or (ii) another transaction as a result of which all outstanding Common Shares, or the securities of another issuer issued in exchange for all such outstanding Common Shares of the Company, are traded on a recognized exchange in Canada or the United States and are freely tradable (subject to resale restrictions on any concurrent financing and control block restrictions), including by way of a reverse takeover transaction.

On January 26, 2022, the Company's common shares were listed for trading on the CSE, therefore, triggering the Liquidity Event to set the expiry date of the warrants to January 26, 2024.

There were no warrant issuances during the nine months ended May 31, 2022.

The following table summarizes information of warrants outstanding as at May 31, 2022:

Date of expiry	**Number of warrants outstanding**	**Exercise price**	**Weighted average remaining**
	#	**$**	**Years**
January 26, 2024	9,436,250	0.15	1.66
January 26, 2024	964,260	0.10	1.66
	10,400,510	**0.15**	**1.66**

12. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the nine months ended May 31, 2022 and the comparative period were as follows:

	May 31, 2022	For Period from Incorporation to May 31, 2021
	$	$
Management salaries and consulting fees	**197,760**	5,000
Professional fees	**57,500**	15,000
Share-based compensation	**170,747**	-
	255,260	20,000

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited. ("Windmark"), a company controlled by the Company's President and Chief Executive Officer ("CEO"). During the nine months ended May 31, 2022, the Company recorded consulting fees of $131,774 (Period from incorporation to May 31, 2021 – $nil) in relation to the CEO's consulting compensation. As at May 31, 2022, $75,208 (August 31, 2021 – $20,417) was owed to the CEO and included in accounts payable and accrued liabilities. As at May 31, 2022, included in prepaid expenses is an amount of $10,000, which was paid to Windmark in advance for the June 2022 consulting fees.

12. Related Party Transactions (continued)

During the nine months ended May 31, 2022, Branson Corporate Services Ltd. ("Branson"), where the Company's current and former Chief Financial Officers ("CFO") is employed, charged fees of $57,500 (Period from incorporation to May 31, 2021 – $15,000), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at May 31, 2022, no balance was owed to Branson (August 31, 2021 – $nil).

During the nine months ended May 31, 2022, Nebu Consulting, LLC ("Nebu"), where the Company's Vice President Exploration is employed, charged fees of $65,985 (Period from incorporation to May 31, 2021 – $5,000), for professional consulting services provided to the Company. As at May 31, 2022, no balance was owed to Nebu (August 31, 2021 – $nil).

Share-based compensation

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vest on March 9, 2023. Share-based compensation of $108,779 was recorded in connection with the vesting of these options during the nine months ended May 31, 2022.

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers. Half of the RSUs vested immediately, while the other half vests 12 months after the date of grant. Stock-based compensation of $61,968 in connection with the vesting of these RSUs was recorded during the nine months ended May 31, 2022.

Other related party transactions

On February 28, 2022, the Company issued 10,000,000 common shares to Big Ridge upon the completion of the acquisition of its mining properties as disclosed in Note 6. A director of the Company is also the President and a director of Big Ridge.

13. Capital Management

The Company's capital under management includes equity of $2,821,388 at May 31, 2022 (August 31, 2021 – $1,407,318). The Company's objectives when managing capital are to: (i) safeguard its ability to continue as a going concern, (ii) provide an adequate return to shareholders, and (iii) provide sufficient funding to support on-going exploration and capital development plans.

While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

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

14. Financial risks

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

(Expressed in Canadian Dollars)

14. Financial risks (continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks and in trust with the Company's legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the receivable balance.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at May 31, 2022, the Company had a cash balance of $888,042 (August 31, 2021 – $1,389,659) to settle current liabilities of $112,083 (August 31, 2021 – $69,982).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at May 31, 2022:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued	112,083	112,083	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations, the Company's cash position as at period end, and its strategic financing plan over the next 12 months.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. While the Company's operations are based in Canada, it may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at May 31, 2022.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash, and accounts payables.

(Expressed in Canadian Dollars)

14. Financial risks (continued)

Fair value (continued)

As at May 31, 2022, the Company's financial instruments consist of cash and cash equivalents, receivables (excluding sales tax recoverable), and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, receivable (excluding sales tax recoverable), and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements 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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	888,042	-	-	**888,042**

As at May 31, 2022, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the period ended May 31, 2022, and the year ended August 31, 2021.

15. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at the date hereof, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

The Company also believes that there are no environmental related liabilities that will have a material adverse effect on the financial position or operating results of the Company.