BRASCAN RESOURCES INC.
(formerly Brascan Gold Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brascan Resources Inc. (formerly Brascan Gold Inc.)

Opinion

We have audited the consolidated financial statements of Brascan Resources Inc. (formerly Brascan Gold Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues, incurred a net loss of $2,053,893, and had negative cash flow from operations during the year ended December 31, 2022 and, as at that date, the Company had an accumulated deficit of $3,089,915. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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 the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Henry Chow.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

May 1, 2023

BRASCAN RESOURCES INC.
(formerly Brascan Gold Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2022 $	December 31, 2021 $
ASSETS			
CURRENT			
Cash		215,442	1,623,559
Amounts receivable		-	400
Prepaid expenses	8	101,625	134,321
Total current assets		317,067	1,758,280
NON-CURRENT			
Exploration and evaluation assets	5, 6	661,500	32,750
Total assets		978,567	1,791,030
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	8	31,732	127,473
Flow-through share premium liability	7	-	95,239
Total liabilities		31,732	222,712
SHAREHOLDERS' EQUITY			
Share capital	7	3,514,930	1,906,522
Share subscriptions received	7	-	316,800
Share-based reserves	7	521,820	381,018
Deficit		(3,089,915)	(1,036,022)
Total shareholders' equity		946,835	1,568,318
Total liabilities and shareholders' equity		978,567	1,791,030

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorised for issuance on behalf of the Board on May 1, 2023:

"Balbir Johal"
Balbir Johal, Director

"Eric Warren"
Eric Warren, Director

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

BRASCAN RESOURCES INC.
(formerly Brascan Gold Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2022 $	Year ended December 31, 2021 $
Expenses			
Advertising and promotion		346,304	32,065
Consulting fees	8	499,444	94,669
Exploration and evaluation expenditures	6	801,716	108,191
General and administrative		6,598	22,927
Professional fees		248,544	94,554
Share-based compensation	7, 8	110,570	264,332
Transfer agent and filing fees		70,636	75,583
Travel		17,069	6,940
Total expenses		2,100,881	699,261
Net loss before other income (expense)		(2,100,881)	(699,261)
Other Income (Expense)			
Flow-through premium recovery	7	95,238	-
Impairment of mineral properties	6	(48,250)	(205,000)
Total other income (expense)		46,988	(205,000)
Net loss and comprehensive loss		(2,053,893)	(904,261)
Loss per share, basic and diluted		(0.08)	(0.06)
Weighted average number of shares outstanding		24,371,377	15,686,936

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

BRASCAN RESOURCES INC.
(formerly Brascan Gold Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received (receivable)	Share-based reserves	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$
Balance, December 31, 2020	**15,348,500**	**579,811**	**(1,300)**	**-**	**(131,761)**	**446,750**
Shares issued in private placement	2,977,667	793,300	-	-	-	793,300
Flow-through units issued for cash	1,226,735	585,933	-	64,237	-	650,170
Share issuance costs	-	(140,033)	-	52,449	-	(87,584)
Shares issued for mineral properties	450,000	182,750	-	-	-	182,750
Flow-through share premium	-	(95,239)	-	-	-	(95,239)
Share-based compensation	-	-	-	264,332	-	264,332
Share subscriptions received	-	-	318,100	-	-	318,100
Net loss for the year	-	-	-	-	(904,261)	(904,261)
Balance, December 31, 2021	**20,002,902**	**1,906,522**	**316,800**	**381,018**	**(1,036,022)**	**1,568,318**
Shares issued in private placement	3,401,266	1,020,380	(316,800)	-	-	703,580
Share issuance costs	-	(64,472)	-	30,232	-	(34,240)
Shares issued for mineral properties	825,000	90,000	-	-	-	90,000
Shares issued to acquire 1000348637 Ontario Inc.	6,500,000	162,500	-	-	-	162,500
Shares issued to acquire NAAI	10,000,000	400,000	-	-	-	400,000
Share-based compensation	-	-	-	110,570	-	110,570
Net loss for the year	-	-	-	-	(2,053,893)	(2,053,893)
Balance, December 31, 2022	**40,729,168**	**3,514,930**	**-**	**521,820**	**(3,089,915)**	**946,835**

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

BRASCAN RESOURCES INC.
(formerly Brascan Gold Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2022 $	Year ended December 31, 2021 $
OPERATING ACTIVITIES		
Net loss for the year	(2,053,893)	(904,261)
Items not involving cash:		
Flow-through premium recovery	(95,239)	
Impairment of exploration and evaluation assets	48,250	205,000
Share-based compensation	110,570	264,332
Shares issued for mineral property finders' fees	24,500	-
Changes in non-cash working capital:		
Amounts receivable	400	(400)
Prepaid expenses and deposits	32,696	(134,321)
Accounts payable and accrued liabilities	(95,741)	120,838
Net cash used in operating activities	(2,028,457)	(448,812)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(49,000)	(10,000)
Net cash used in investing activities	(49,000)	(10,000)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	703,580	1,443,470
Share issuance costs	(34,240)	(87,584)
Share subscriptions received	-	318,100
Net cash provided by financing activities	639,108	1,673,986
Change in cash	(1,408,117)	1,215,174
Cash, beginning of year	1,623,559	408,385
Cash, end of year	215,422	1,623,559
Non-cash investing and financing activities:		
Fair value of brokers' warrants granted	30,232	52,449
Fair value of shares issued for mineral properties	90,000	182,750
Flow-through share premium deducted from share capital	-	95,239
Shares issued to acquire 1000348637 Ontario Inc.	162,500	-
Shares issued to acquire NAAI	400,000	-

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Brascan Resources Inc. (formerly Brascan Gold Inc.) (the "Company") was incorporated July 6, 2018 in the Province of British Columbia. The Company's head office is located at 1000-409 Granville Street Vancouver, BC, V6C 1T2. The Company's registered and records office address is Suite 620, 1111 Melville Street, Vancouver, British Columbia, V6E 3V6. On April 3, 2023, the Company changed its name from Brascan Gold Inc. to Brascan Resources Inc. The Company's shares trade on the Canadian Securities Exchange under the trading symbol "BRAS."

The Company is engaged in the identification, exploration and development of mineral resources, specifically focusing on lithium and gold exploration activities on its properties in Newfoundland and Brazil.

On December 16, 2022, the Company acquired a 25% interest in North Atlantic Aggregates Inc. ("NAAI"), a company focused on completing exploration programs on the Iceberg Vanadium, Titanium, and Magnetite Project in Newfoundland. See Note 5 for additional details.

On December 8, 2022, the Company acquired 100% of the issued and outstanding shares of 1000348637 Ontario Inc. to acquire mineral claims common referred to as the "Albany Folks" property, covering 2,376 hectares in the Porcupine mining division in the James Bay Lowlands in Ontario. See Note 5 for additional details.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. During the year ended December 31, 2022, the Company had no revenues, incurred a net loss of $2,053,893, and had negative cash flows from operations. As at December 31, 2022, the Company had accumulated losses of $3,089,915. The Company's future capital requirements will depend on many factors, including the costs of exploring and developing its exploration and evaluation assets, operating costs, the current capital market environment, and global market conditions.

The Company's ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used. The effects of such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on May 1, 2023.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries at the end of the reporting period:

	Incorporated	Nature	Ownership December 31, 2022	Ownership December 31, 2021
1000348637 Ontario Inc.	Ontario	Exploration	100%	-
Baie Verte Resources Inc.	British Columbia	Exploration	100%	100%
Brascan Aggregates Inc.	British Columbia	Exploration	100%	-
North Atlantic Aggregates Inc.	British Columbia	Exploration	25%	-

The results of a wholly-owned subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistent throughout by the Company for purposes of these consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Financial instruments

Financial Assets

All financial assets not classified at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Financial Assets

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial Assets

Financial assets that meet the following conditions are measured at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method. The Company's financial instruments are classified as follows:

Financial Assets / Liabilities	Classification and Measurement
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified under other financial liabilities and carried on the consolidated statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the consolidated statement of loss. The Company does not have any derivative financial assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statement of operations, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

c) Provisions

A provision is recognized when it becomes probable that a present obligation arising from a past event will require an outflow of resources that can be reliably estimated. The amount of the provision is the best estimate of the outflow of resources required to settle this obligation. Where a potential obligation resulting from past events exists, but occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in commitments and contingencies.

d) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

e) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants, and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital.

g) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. As at December 31, 2022, the Company has 16,161,136 (2021 - 13,230,500) potentially dilutive shares outstanding.

h) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share-based payments (continued)

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from share-based reserve to deficit upon their expiry or cancellation.

i) Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and expensed in the statement of operations and comprehensive loss. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Once the technical feasibility and commercial viability of extracting the mineral resources have been determined, the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced, all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

Currently, all mineral properties of the Company are at the exploration stage.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain expensed; however, for corporate income tax purpose the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of operations.

k) New accounting standards issued but not yet effective

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2023, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended December 31, 2022, and have not been early adopted in preparing these consolidated financial statements. These new and amended standards are not expected to have a material impact on the Company's consolidated financial statements. The following accounting standards and amendments are effective for future periods:

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

   The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The carrying value of exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

iii. The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisitions of 1000348637 Ontario Inc. and North Atlantic Aggregates Inc., as described in Note 5, did not constitute a business, and was accounted for as an asset acquisition transaction.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value stock options and share purchase warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. The Company uses the market price of the Company's common shares based on the end-of-day trading price to record the fair value of common shares for share-based compensation purposes.

iii. The Company estimates the unrecognized deferred income tax assets based on whether it is more likely than not that the Company will earn future revenues to utilize the tax assets. Given the fact that the Company has not earned revenues since inception and in uncertain as to its ability to earn revenues to utilize the tax assets in the future, the Company has recorded a full impairment charge on the unrecognized deferred income tax assets.

(Expressed in Canadian dollars)

5. ACQUISITIONS

Acquisition of 1000348637 Ontario Inc.

On November 23, 2022, the Company signed a share exchange agreement with 1000348637 Ontario Inc. ("637 Ontario") to acquire 100% of the issued and outstanding shares of 637 Ontario to attain the rights to a lease of a mineral property comprising of approximately 2,376 hectares of mineral rights located in in the Porcupine mining division, 365 km northwest of the town of Timmins, ON, in the James Bay Lowlands, commonly referred to as the "Albany Forks" project.

On December 8, 2022, the Company completed the acquisition of all of the issued and outstanding shares of 637 Ontario in exchange for the issuance of 6,500,000 common shares with a fair value of $162,500.

At the date of acquisition, the Company determined that 637 Ontario did not constitute a business as defined under IFRS 3, *Business Combinations*, and the 637 Ontario acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company on the date of issuance of $0.025 per share.

The purchase price allocation of the assets acquired of 637 Ontario are:

Consideration paid:		
Fair value of 6,500,000 common shares at $0.025 per share	$	162,500
Net assets acquired		
Exploration and evaluation asset	$	162,500

Acquisition of North Atlantic Aggregates Inc. ("NAAI")

On August 23, 2022, the Company entered into a share exchange agreement with NAAI to acquire 25% interest in the issued and outstanding shares of NAAI. As consideration to NAAI, the Company issued 10,000,000 common shares to the existing shareholders of NAAI on December 16, 2022 in exchange for 25% of the share capital of NAAI, which included 12.5% of the common shares held by the spouse of the CEO of the Company. As a result of the acquisition, the Company and the spouse of the CEO of the Company collectively held 62.5% of the voting common shares of NAAI, which constituted a change of control. From the Company's acquisition date on December 16, 2022, NAAI is consolidated as a 62.5% owned subsidiary. NAAI is focused on completing exploration programs on the Concrete Stone Quarry and Ilmenite Property in Newfoundland.

At the date of acquisition, the Company determined that NAAI did not constitute a business as defined under IFRS 3, *Business Combinations*, and the NAAI acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company on December 16, 2022 (the date of issuance) at a price of $0.04 per share for fair value of $400,000.

The purchase price allocation of the assets acquired of NAAI are:

Consideration paid:		
Fair value of 10,000,000 common shares at $0.04 per share	$	400,000
Net assets acquired (liabilities)		
Exploration and evaluation asset	$	400,000

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

Acquisition Costs

During the year ended December 31, 2022, the Company made acquisition and property option payments equal to $110,500 (December 31, 2021 - $192,750). See table below for a breakdown of acquisition and property option payments by geographic region.

	BC $	Brazil $	Ontario $	Newfoundland $	Total $
Acquisition costs:					
Balance, December 31, 2020	45,000	-	-	-	45,000
Additions	160,000	-	-	32,750	192,750
Impairment	(205,000)	-	-	-	(205,000)
Balance, December 31, 2021	-	-	-	32,750	32,750
Additions	-	68,000	162,500	446,500	677,000
Impairment	-	-	-	(48,250)	(48,250)
Balance, December 31, 2022	-	68,000	162,500	431,000	661,500
Carrying amounts:					
Balance, December 31, 2021	-	-	-	32,750	32,750
Balance, December 31, 2022	-	68,000	162,500	431,000	661,500

Exploration Expenditures

During the year ended December 31, 2022, the Company incurred exploration expenditures of $801,716 (2021 - $108,191) as follows:

	BC $	Brazil $	Ontario $	Newfoundland $	Total $
Analytical	-	11,043	-	2,166	13,209
Consulting	-	37,780	-	-	37,780
Equipment rentals	-	-	-	92,090	92,090
Geochemical	-	-	-	11,453	11,453
Geological and geophysical	579	284,563	-	112,597	397,739
Labour	-	-	-	183,400	183,400
Tenure and acquisitions	-	5,775	-	14,525	20,300
Travel, transportation, and camp	-	13,327	-	32,418	45,745
Balance, December 31, 2022	579	352,488	-	448,649	801,716

	BC $	Brazil $	Ontario $	Newfoundland $	Total $
Geological and geophysical	84,856	5,000	-	-	84,856
Travel, transportation, and camp	-	18,335	-	-	16,063
Balance, December 31, 2021	84,856	23,335	-	-	108,191

6. EXPLORATION AND EVALUATION ASSETS (continued)

The Company has interests in numerous optioned exploration projects. As at December 31, 2022, the Company has executed option agreements with third parties on the following projects:

Howson Property, British Columbia

On September 10, 2020, and as amended on May 14, 2021, the Company entered into an option agreement with Oswaldo Perez Cabrera, an individual, to acquire 100% interest in two mineral claims located in the Burnie Lake area of British Columbia for cash payments of $35,000 and the issuance of 3,000,000 common shares of the Company as follows:

- $35,000 on the execution of the agreement (paid);
- Issue 1,000,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange;
- Issue 1,000,000 common shares of the Company on or before December 31, 2021; and
- Issue 1,000,000 common shares of the Company on or before June 30, 2022.

In addition, the Company is required to incur exploration expenditures of $2,500,000 on the property over a period of five years as follows:

- $100,000 on or before June 30, 2022;
- An additional $600,000 on or before December 31, 2023;
- An additional $800,000 on or before December 31, 2024; and
- An additional $1,000,000 on or before December 31, 2025.

On June 22, 2021, the Company terminated the option agreement and impaired the carrying value of the property of $35,000.

Vulcan Property, British Columbia

On September 26, 2020, and as amended on June 14, 2021 and September 1, 2021, the Company entered into an option agreement with Eagle Plains Resources Ltd. (“Eagle Plains”), a company listed on the TSX Venture Exchange, to acquire a 60% interest in the Vulcan property located in the East Kootenay region of British Columbia. To earn the 60% interest, the Company is required to make cash payments of $500,000 and issue 1,200,000 common shares of the Company as follows:

- $10,000 on execution of the agreement (paid);
- $15,000 and issue 400,000 common shares of the Company on the successful listing of the Company on a Canadian stock exchange (issued);
- $25,000 and issue 400,000 common shares of the Company on or before December 31, 2021;
- $165,000 and issue 200,000 common shares of the Company on or before December 31, 2022; and
- $285,000 and issue 200,000 common shares of the Company on or before December 31, 2023.

In addition, the Company is required to incur exploration expenditures of $4,000,000 on the property over a period of four years as follows:

- $100,000 on or before October 31, 2021;
- An additional $1,400,000 on or before December 31, 2022;
- An additional $1,000,000 on or before December 31, 2023; and
- An additional $1,500,000 on or before December 31, 2024.

The Company has to pay a 2% net smelter royalty (“NSR”) to Eagle Plains payable upon the commencement of commercial production and the Company has the right to purchase half of the NSR for $1,000,000.

On December 13, 2021, the Company terminated the option agreement and impaired the carrying value of the property of $170,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Middle Arm Fault Property, Newfoundland

On October 15, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, and Daniel Jacobs (the “Middle Arm Vendors”) to acquire a 100% interest in the Middle Arm Fault Property located in the Baie Verte region of Newfoundland for cash payments of $168,000 and the issuance of 670,000 common shares of the Company as follows:

- $5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 95,000 common shares of the Company on or before October 15, 2022;
- $24,000 and issue 100,000 common shares of the Company on or before October 15, 2023;
- $32,000 and issue 150,000 common shares of the Company on or before October 15, 2024; and
- $80,000 and issue 300,000 common shares of the Company on or before October 15, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before October 15, 2022 (completed);
- An additional $150,000 on or before October 15, 2023;
- An additional $200,000 on or before October 15, 2024; and
- An additional $300,000 on or before October 15, 2025.

The agreement is subject to a 2.5% NSR to the Middle Arm Vendors, payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. As at December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $16,000. On March 8, 2023, the Company terminated the option agreement.

Black Cat Property, Newfoundland

On December 7, 2021, the Company entered into an option agreement with Jason Flight, Wayne Hurley, Kenneth Lewis, Peter Hurley, Garland Rice, and Daniel Jacobs (the “Black Cat Vendors”) to acquire a 100% interest in the Black Cat Property located in the Baie Verte region of Newfoundland for cash payments of $168,000 and the issuance of 670,000 common shares of the Company as follows:

- $5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 95,000 common shares of the Company on or before December 7, 2022;
- $24,000 and issue 100,000 common shares of the Company on or before December 7, 2023;
- $32,000 and issue 150,000 common shares of the Company on or before December 7, 2024; and
- $80,000 and issue 300,000 common shares of the Company on or before December 7, 2025.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before December 7, 2022 (completed);
- An additional $150,000 on or before December 7, 2023;
- An additional $200,000 on or before December 7, 2024; and
- An additional $300,000 on or before December 7, 2025.

The agreement is subject to a 2.5% NSR to the Black Cat Vendors, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. As at December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $16,750. On March 8, 2023, the Company terminated the option agreement.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Miguels Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Miguels Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 670,000 common shares of the Company as follows:

- $5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023 (completed);
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000.

Mountain Pond, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Mountain Pond Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 670,000 common shares of the Company as follows:

- $5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023 (completed);
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Birchy Lake, Newfoundland

On February 10, 2022, through its subsidiary Baie Verte Resources Inc., the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Birchy Lake Property, located in the Baie Verte region of Newfoundland. To earn the 100% interest, the Company is required to make cash payments of $168,000 and issue 670,000 common shares of the Company as follows:

- $5,000 (paid) and issue 25,000 common shares (issued) of the Company on execution of the agreement;
- $27,000 and issue 95,000 common shares of the Company on or before February 10, 2023;
- $24,000 and issue 100,000 common shares of the Company on or before February 10, 2024;
- $32,000 and issue 150,000 common shares of the Company on or before February 10, 2025; and
- $80,000 and issue 300,000 common shares of the Company on or before February 10, 2026.

In addition, the Company is required to incur exploration expenditures of $725,000 on the property over a period of four years as follows:

- $75,000 on or before February 10, 2023 (completed);
- An additional $150,000 on or before February 10, 2024;
- An additional $200,000 on or before February 10, 2025; and
- An additional $300,000 on or before February 10, 2026.

The agreement is subject to a 2.5% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1.5% of the NSR for $2,000,000. As at December 31, 2022, the Company elected to discontinue future exploration work on the property and recognized an impairment loss of $15,500. On February 10, 2023, the Company terminated the option agreement.

Alegre Property, Brazil

On November 22, 2021, the Company entered into an option agreement with Chapada Brasil Mineracao Ltda. (“Chapada”) to acquire a 100% interest in the Alegre Property located in the Chachoeira do Piria region of Brazil for cash payments of $400,000 and the issuance of 800,000 common shares of the Company as follows:

- $30,000 (paid) and issue 50,000 common shares (issued) of the Company on the execution of the agreement;
- $50,000 and issue 100,000 (issued subsequent to year-end) common shares within five days of completing a Phase I exploration program;
- $100,000 and issue 200,000 common shares within five days of completing a Phase II exploration program; and
- $220,000 and issue 450,000 common shares within five days of completing a Phase III exploration program.

In addition, the Company is required to incur exploration expenditures on the property as follows:

- Complete a $250,000 Phase I exploration program on or before July 30, 2022 (completed);
- Within one year of completing the Phase I exploration program, commence an additional $250,000 Phase II exploration program; and
- Within one year of completing the Phase II exploration program, commence an additional $500,000 Phase III exploration program.

The agreement is subject to a 2% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1% of the NSR for $1,000,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Parana Cu, Brazil

On June 17, 2022, the Company executed a letter of intent with a third-party vendor to acquire an undivided 100% interest in the Parana Cu Property, located in the Parana state region of Brazil. To earn the 100% interest, the Company is required to make cash payments of $4,000, issue $70,000 worth of common shares of the Company and incur exploration expenditures of $50,000 of the Company as follows:

- $4,000 (paid) on execution of the agreement; and
- Issue $70,000 worth of common shares of the Company on or before June 17, 2023.

In addition, the Company is required to incur exploration expenditures of $75,000 on or before June 17, 2023. If the exploration expenditure requirement is not met, Brascan must pay a penalty of $10,000, which is pro-rated relative to the amount of exploration expenditures incurred on the property.

The agreement is subject to a 2% NSR, which is payable upon the commencement of commercial production. The Company has the right to purchase 1% of the NSR for $1,000,000.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

Year ended December 31, 2022:

On December 16, 2022, the Company issued 10,000,000 common shares with a fair value of $400,000 pursuant to the share exchange agreement to acquire NAAI. Refer to Note 5.

On December 8, 2022, the Company issued 6,500,000 common shares with a fair value of $162,500 pursuant to the share exchange agreement to acquire 637 Ontario. Refer to Note 5.

On August 23, 2022, the Company issued 700,000 common shares with a fair value of $24,500 as finders' fees pursuant to the acquisition of the Middle Arm Fault and Alegre properties.

On March 3, 2022, the Company issued 75,000 common shares with a fair value of $31,500 (25,000 common shares with a fair value of $10,500 for each option agreement) pursuant to the Miguels Lake, Mountain Pond, and Birchy Lake option agreements. Refer to Note 6.

On February 11, 2022, the Company completed a private placement for the issuance of 1,903,499 units at a price of $0.30 per unit for gross proceeds of $571,050. Each unit consisted of one common share and one-half of a common share purchase warrant, with each whole share purchase warrant exercisable at a price of $0.40 per share expiring on February 11, 2024. In connection with the private placement, the Company paid finders' fees of $34,240 and issued 80,000 brokers' warrants with a fair value of $30,232. The fair value of the broker's warrants was determined using the Black Scholes option pricing model assuming volatility of 130%, expected life of 2 years, risk-free rate of 1.44%, and no expected dividends.

On January 25, 2022, the Company issued 50,000 common shares with a fair value of $34,000 pursuant to the Alegre Property option agreement. Refer to Note 6.

On January 12, 2022, the Company completed a private placement for the issuance of 1,497,767 units at a price of $0.30 per unit for proceeds of $449,330. Each unit consisted of one common share and one-half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.40 per share expiring on January 12, 2024.

7. SHARE CAPITAL (continued)

b) Issued (continued)

Year ended December 31, 2021:

On December 30, 2021, the Company completed a flow-through private placement for the issuance of 1,226,735 units at a price of $0.53 per flow-through unit for gross proceeds of $650,170. Each flow-through unit consisted of one flow-through common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.75 for two years from the closing date. In connection with the private placement, the Company paid $44,000 in finders' fees and issued 83,018 brokers' warrants with an exercise price of $0.40 per share expiring on December 30, 2023, with a value of $13,155. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 1.00% and no expected dividends. As at December 31, 2021, the Company recorded a flow-through share premium liability of $95,239, which was fulfilled during the year ended December 31, 2022.

On December 13, 2021, the Company completed a private placement for the issuance of 2,477,667 units at a price of $0.30 per unit for gross proceeds of $743,300. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.40 per share expiring on December 13, 2023. In connection with the private placement, the Company paid $43,584 of finders' fees and issued 145,280 brokers' warrants with an exercise price of $0.40 for two years from the closing date, with a value of $39,294. The fair value of the broker warrants was determined using the Black-Scholes option pricing model assuming volatility of 72%, expected life of two years, risk free rate of 0.95% and no expected dividends.

On December 10, 2021, the Company issued 25,000 common shares with a fair value of $11,750 pursuant to the Black Cat Property option agreement. Refer to Note 6.

On November 4, 2021, the Company issued 25,000 common shares with a fair value of $11,000 pursuant to the Middle Arm Fault Property option agreement. Refer to Note 6.

On October 13, 2021, the Company issued 400,000 common shares with a fair value of $160,000 pursuant to the Vulcan Property option agreement. Refer to Note 6.

On October 13, 2021, the Company completed a private placement for the issuance of 500,000 common shares at a price of $0.10 per common share for proceeds of $50,000.

During the year ended December 31, 2021, the Company received $318,100 of share subscriptions, of which $318,000 related to the private placement completed on January 12, 2022.

c) Stock options

The Company's Board of Directors approved a stock incentive plan in accordance with the policies of the Canadian Securities Exchange (the "Exchange"). The Board of Directors is authorized to grant options to directors, officers, consultants, or employees to acquire up to 20% of the issued and outstanding common shares of the Company. The exercise price will not be less than $0.10 per share and, in the event that the Company is listed on the Exchange, the market price of the common shares on the trading day immediately preceding the date of the grant, less applicable discounts permitted by the Exchange. The options that may be granted under this plan must be exercisable for over a period of not exceeding 5 years.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

c) Stock options (continued)

The following table summarizes the continuity of the Company's stock options:

	December 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,650,000	$ 0.22	-	$ -
Granted	1,150,000	$ 0.17	1,650,000	$ 0.22
Outstanding, end of year	2,800,000	$ 0.20	1,650,000	$ 0.22

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

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
March 21, 2024	1.22	$ 0.20	550,000
October 17, 2024	1.80	$ 0.05	500,000
March 10, 2026	3.19	$ 0.10	1,000,000
October 22, 2026	3.81	$ 0.40	400,000
October 27, 2026	3.82	$ 0.40	150,000
November 1, 2026	3.84	$ 0.45	100,000
January 12, 2027	4.04	$ 0.60	100,000
	2.73	$ 0.23	2,800,000

During the year ended December 31, 2022, the Company recognized share-based compensation expense of $110,570 (2021 - $264,332) relating to stock options granted to officers, directors, and consultants of the Company. The weighted average fair value of the stock options granted during the year was $0.16 (2021 - $0.16) per share.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The weighted average assumptions used in calculating the fair value of stock options granted, assuming no expected dividends and forfeitures, are as follows:

	2022	2021
Risk-free interest rate	2.89%	1.10%
Expected option life in years	2.3 years	5 years
Expected share price volatility*	100%	117%

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	December 31, 2022		**December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	11,352,202	$ 0.17	9,500,000	$ 0.10
Issued	1,700,636	$ 0.40	1,852,202	$ 0.52
Outstanding, year	13,052,838	$ 0.20	11,352,202	$ 0.17

The following share purchase warrants were outstanding and exercisable as at December 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 7, 2023	0.93	$ 0.10	9,500,000
December 13, 2023	0.95	$ 0.40	1,238,835
December 30, 2023	1.00	$ 0.75	613,367
January 12, 2024	1.03	$ 0.40	748,884
February 11, 2024	1.12	$ 0.40	951,752
	0.96	$ 0.20	13,052,838

e) Brokers' warrants

The following table summarizes the continuity of the Company's brokers' warrants:

	December 31, 2022		**December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	228,298	$ 0.40	-	$ -
Issued	80,000	$ 0.40	228,298	$ 0.40
Outstanding, end of year	308,298	$ 0.40	228,298	$ 0.40

The following brokers' warrants were outstanding and exercisable as at December 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
December 13, 2023	0.95	$ 0.40	145,280
December 30, 2023	1.00	$ 0.40	83,018
February 11, 2024	1.12	$ 0.40	80,000
	1.01	$ 0.40	308,298

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Brokers' warrants (continued)

During the year ended December 31, 2022, the Company recognized share issuance costs of $30,232 (2021 - $52,449) relating to brokers' warrants issued to finders who assisted the Company in closing financing transactions.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its brokers' warrants granted. The weighted average assumptions used in calculating the fair value of brokers' warrants granted, assuming no expected dividends and forfeitures, are as follows:

	2022	2021
Risk-free interest rate	1.46%	0.94%
Expected option life in years	2 years	2 years
Expected share price volatility*	100.00%	100.00%

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Key Management Compensation

Key management includes directors (executive and non-executive) and officers of the Company. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing, and due on demand.

During the year ended December 31, 2022 and 2021, the Company entered into following transactions with related parties:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Key Management Compensation		
Consulting fees	$ 231,500	$ 75,200
Share-based compensation	35,624	135,898
	$ 267,124	$ 211,098

As at December 31, 2022, included in the accounts payable and accrued liabilities is $nil (2021 - $8,964) related to the above compensation incurred with one of the Company's directors.

As at December 31, 2022, the Company had advanced $65,625 (2021 - $nil) to one of the Company's directors for prepayment of fees.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Fair values

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The carrying values of cash, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash. The Company’s cash is held at a large Canadian financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at December 31, 2022, the Company has working capital of $285,335.

At present, the Company’s operations do not generate positive cash flow. The Company’s primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

d) Foreign exchange and Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. Interest rate risk is minimal as the Company has no exposure to variable interest rates as at December 31, 2022. The Company is exposed to foreign exchange rate for mineral properties located in Brazil. However, the impact of foreign exchange rates are not material as the Company has limited transactions conducted in Brazilian reals.

e) Price risk

The Company has limited exposure to price risk with respect to commodity prices. The Company’s ability to raise capital to fund exploration and development activities with a potential future project may be subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior year.

There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

11. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2022 $	2021 $
Loss before income taxes	(2,053,893)	(904,261)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(555,000)	(244,000)
Tax effect of:		
Permanent differences and other	165,000	103,000
Effect of tax rate change	-	(22,000)
Change in unrecognized deferred income tax assets	390,000	163,000
Income tax provision	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2022 $	2021 $
Deferred income tax assets:		
Non-capital losses carried forward	457,000	129,000
Mineral properties	89,000	29,000
Share issuance costs	22,000	20,000
Unrecognized deferred income tax assets	(568,000)	(178,000)
Net deferred income tax asset	-	-

(Expressed in Canadian dollars)

11. INCOME TAXES (continued)

As at December 31, 2022, the Company has non-capital losses carried forward of $1,691,000, which are available to offset future years' taxable income. These losses expire as follows:

	$
2040	132,000
2041	345,000
2042	1,214,000
	1,691,000

The Company also has available mineral resource related expenditure pools of $1,220,000, which may be deducted against future taxable income on a discretionary basis.

12. SUBSEQUENT EVENTS

Common Share Issuances

a) On March 16, 2023, the Company issued 100,000 common shares with a fair value of $3,500 in accordance with option payments required under the Alegre Property agreement.

b) On March 9, 2023, the Company issued 2,000,000 common shares with a fair value of $80,000 in accordance with option payments required under the Brasil-Li 2 property discussed below.

c) On March 6, 2023, the Company issued 1,000,000 common shares with a fair value of $45,000 in accordance with option payments required under the Brasil-Li 1 property discussed below.

Financing

d) On March 21, 2023 and as amended on April 4, 2023, the Company announced a private placement of up to 20,000,000 units at a price of $0.035 per unit for proceeds of $700,000. Each unit consisted of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of $0.07 per share expiring on March 21, 2025.

Option Agreements

e) On March 6, 2023, the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Brasil-Li 2 Property, located in Minas Gerais in Brazil, for cash payments of $200,000, the issuance of 5,000,000 common shares of the Company, and completing a minimum of $200,000 in exploration expenditures on the property as follows:

- $50,000 (partially paid) and issue 2,000,000 common shares (issued) of the Company within 5 days of commencement of the agreement;
- $50,000 and issue 2,000,000 common shares of the Company on or before September 20, 2023;
- $50,000 and issue 1,000,000 common shares of the Company on or before September 20, 2024; and
- $50,000 on September 21, 2024.

The Company is required to incur exploration expenditures of $200,000 on the property over a period of two years as follows:
- $100,000 on or before September 20, 2023; and
- $100,000 on or before September 20, 2024.

The optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for payment of $500,000 for a period of two years after the commencement of commercial production.

12. SUBSEQUENT EVENTS (continued)

Property Agreements (continued)

f) On February 13, 2023, the Company executed an option agreement with third-party vendors to acquire an undivided 100% interest in the Brasil-Li 1 Property, located in Minas Gerais in Brazil for cash payments of $125,000, the issuance of 2,500,000 common shares of the Company, and completing a minimum of $100,000 in exploration expenditures on the property as follows:

- $25,000 (paid) and issue 1,000,000 common shares (issued) of the Company within 5 days of commencement of the agreement;
- $25,000 and issue 1,000,000 common shares of the Company on or before September 20, 2023;
- $25,000 and issue 500,000 common shares of the Company on or before September 20, 2024; and
- $50,000 on September 21, 2024.

The Company is required to incur exploration expenditures of $100,000 on the property on or before September 20, 2023.

The optionors will retain a 2% NSR with the Company having the option to repurchase 1% of the NSR for a cash payment of $500,000 for a period of two years after the commencement of commercial production.

Option Agreement Terminations

g) On March 8, 2023, the Company terminated the option agreements related to the Black Cat and Middle Arm Fault properties.

h) On February 10, 2023, the Company terminated the option agreement related to the Birchy Lake Property and paid a termination fee of $2,098 to the optionor.