PROSPERITY EXPLORATION CORP.

FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE PERIODS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Shareholders of Prosperity Exploration Corp.

Opinion

We have audited the financial statements of Prosperity Exploration Corp. ("the Company"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty 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.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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.

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 1, 2022

PROSPERITY EXPLORATION CORP.
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
AS AT

		December 31, 2021		December 31, 2020
ASSETS				
Current assets				
Cash	$	12,156	$	130,828
Receivable		-		3,973
Prepaid expenses		63,789		-
Total current assets		75,945		134,801
Non-current assets				
Exploration and evaluation assets (Note 3)		107,269		87,060
Total assets	$	183,214	$	221,861
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	$	162,645	$	4,068
Equity				
Share capital (Note 4)		268,001		108,001
Contribution surplus (Note 4)		27,500		-
Subscriptions received in advance		-		150,000
Deficit		(274,932)		(40,208)
Total equity		20,569		217,793
Total liabilities and equity	$	183,214	$	221,861

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

On behalf of the Board:

"Michael England" Director *"Kelvin Lee"* Director

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

PROSPERITY EXPLORATION CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars

	For the year ended December 31, 2021	Period from incorporation on September 1, 2020 to December 31, 2020
EXPENSES		
Consulting fees (Note 8)	$ 5,250	$ -
Filing fees	31,550	-
Management fees (Note 8)	26,250	-
Office and miscellaneous	422	22
Professional fees	143,752	7,186
Share-based compensations (Notes 4 and 8)	27,500	33,000
Loss and comprehensive loss for the period	$ (234,724)	$ (40,208)
Basic and diluted loss per common share	$ (0.03)	$ (0.02)
Weighted average number of common shares outstanding	8,556,165	2,322,315

PROSPERITY EXPLORATION CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars

	Number of shares	Share capital	Subscriptions received in advance	Contribution Surplus	Deficit	Total equity
September 1, 2020	**1**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ 1**
Common shares	5,400,000	108,000	-	-	-	108,000
Subscriptions received	-	-	150,000	-	-	150,000
Loss for the period	-	-	-	-	(40,208)	(40,208)
December 31, 2020	**5,400,001**	**108,001**	**150,000**	-	**(40,208)**	**217,793**
Common shares	3,200,000	160,000	(150,000)	-	-	10,000
Share-based compensations	-	-	-	27,500	-	27,500
Loss for the year	-	-	-	-	(234,724)	(234,724)
December 31, 2021	**8,600,001**	**$ 268,001**	**$ -**	**$ 27,500**	**$ (274,932)**	**$ 20,569**

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

PROSPERITY EXPLORATION CORP.
STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars

		Year ended December 31, 2021		Period from incorporation on September 1, 2020 to December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(234,724)	$	(40,208)
Item not involving cash:				
Share-based compensations		27,500		33,000
Changes in non-cash working capital items:				
Receivable		3,973		(3,973)
Prepaid expenses		(15,625)		-
Accounts payable and accrued liabilities		122,913		4,068
Net cash used in operating activities		(95,963)		(7,113)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation costs		(20,209)		(87,060)
Net cash used in investing activities		(20,209)		(87,060)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements		10,000		75,001
Proceeds from subscriptions received in advance		-		150,000
Deferred financing cost paid		(12,500)		-
Net cash provided by (used in) financing activities		(2,500)		225,001
Change in cash for the period		(118,672)		130,828
Cash, beginning of period		130,828		-
Cash, end of period	$	12,156	$	130,828
SUPPLEMENTAL CASH FLOW INFORMATION				
Allocation of proceeds from subscriptions received to share capital	$	150,000	$	-
Deferred financing cost included in accounts payable	$	35,664	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prosperity Exploration Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 1, 2020. The Company is an exploration stage junior mining company currently engaged in the identification, acquisition and exploration of mineral properties in Canada. The Company completed its initial public offering ("IPO") and its shares were approved for listing on the Canadian Securities Exchange on January 28, 2022.

These financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive financial support from related parties, complete sufficient equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time it is not possible to predict the duration or magnitude of the adverse results of the outbreak, however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date. The Company's current focus is on its project located in British Columbia, Canada and as a result, access to the property is not prohibited. The Company may consider acquisitions of other properties in foreign or domestic jurisdictions in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

The financial statements of the Company for the year ended December 31, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 1, 2022.

Estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates, judgments and assumptions (continued)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy involving assessments made by management, recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company has classified its cash at fair value through profit and loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

The Company's accounts payable and accrued liabilities are classified at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at December 31, 2021, the Company has determined that it does not have any decommissioning obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants (“Warrants”). Depending on the terms and conditions of each equity financing agreement (“Agreement”), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company’s share price on the announcement date of the financing once the Company is listed on a stock exchange. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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 the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of capital stock.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations. All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to capital stock, adjusted for any consideration paid.

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.

New standards issued but not yet effective

Classification of Liabilities as Current or Non-Current Amendments to IAS 1:

The amendments to IAS1 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.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS

Silver Lake Property, British Columbia		Total
Acquisition costs		
Balance, September 1, 2020	$	-
Cash		10,000
Others		1,060
Balance, December 31, 2020 and 2021		11,060
Exploration costs		
Balance, September 1, 2020		-
Assay and consulting		76,000
Balance, December 31, 2020		76,000
Assay and consulting		20,209
Balance, December 31, 2021		96,209
Total balance, December 31, 2020		87,060
Total balance, December 31, 2021	$	107,269

Silver Lake Property, British Columbia

On November 27, 2020, the Company entered into an option agreement to earn a 100% interest in the Silver Lake Property in British Columbia. In order to earn the interest, the Company must make the following option payments:

i) pay $10,000 (paid) within 5 days of execution of the agreement and issue 100,000 common shares within 10 days after a listing on a Canadian stock exchange (the “Listing Date”);
ii) pay $15,000 and 150,000 common shares by the 12-month anniversary of the Listing Date;
iii) pay $25,000 and issue 150,000 common shares by the 24-month anniversary of the Listing Date;
iv) pay $50,000 and issue 100,000 common shares by the 36-month anniversary of the Listing Date;
v) pay $125,000 by the 48-month anniversary of the Listing Date; and
vi) pay $175,000 by the 60-month anniversary of the Listing Date.

If the Silver Lake Property is acquired by the Company, then it will be required to pay a 2.0% net smelter returns royalty payable to vendor upon the commencement of commercial production, 0.75% of which is purchasable by the Company for $250,000 at any time.

4. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow share

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. At December 31, 2021, there were 2,675,001 common shares held in escrow.

Issued share capital

During the year ended December 31, 2021, the Company:

i) issued 3,200,000 common shares at $0.05 per share for total proceeds of $160,000.

During the period ended December 31, 2020, the Company:

i) issued 1 common share at $1 upon incorporation.

ii) issued 2,200,000 common shares at $0.005 per share for total proceeds of $11,000 and recognized share-based compensation of $0.015 per share for a total of $33,000.

iii) issued 3,200,000 common shares at $0.02 per share for total proceeds of $64,000.

Stock options

The Company adopted an equity settled stock option plan ("Plan") where it would be authorized to grant options to directors, officers, consultants and employees of the Company. The number of options granted under the Plan is limited to 10% of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant of the options and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant of the options. The exercise price of options granted under the Plan may not be less than the discounted market price (as that term is defined in the policies of the stock exchange) of the Company's common shares at the date the options are granted. Options granted under the Plan have a maximum term of five years, are non-transferable and expire within 90 days of termination of employment or holding office as a director, officer, employee or consultant of the Company and in the case of death, expire within one year thereafter. The options generally vest on the date of grant, however, the Board of Directors may specify a vesting period on a grant-by-grant basis.

Expressed in Canadian Dollars

4. SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the year ended December 31, 2021, the Company:

i) granted 750,000 stock options to directors and officers of the Company, exercisable at a price of $0.10 per option, expiring on February 11, 2024. The estimated fair value of these options was $27,500. The options vested immediately.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at September 1, 2020 and December 31, 2020	-	$ -
Granted	750,000	0.10
Balance at December 31, 2021	**750,000**	**$0.10**

As of December 31, 2021, the following stock options were outstanding:

Expiry Date	Number of Options	Exercise price	Number of options exercisable
February 11, 2024	750,000	$0.10	750,000
	750,000		750,000

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2021:

	2021	2020
Risk-free interest rate	0.17%	-
Expected life of options	3.00 years	-
Expected annualized volatility	150.00%	-
Expected dividend rate	-	-

Expected annualized volatility is based on comparative peer companies historical share price.

5. CAPITAL MANAGEMENT

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2021.

Expressed in Canadian Dollars

6. FINANCIAL INSTRUMENTS AND RISK

Fair values

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As at December 31, 2021				
Cash	$ 12,156	$ 12,156	-	-
As at December 31, 2020				
Cash	$ 130,828	$ 130,828	-	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. As at December 31, 2021, the Company had $Nil (2020 - $3,973) receivable from government authorities in Canada. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021 the Company had a cash balance of $12,156 (2020 - $130,828) to settle accounts payable and accrued liabilities of $162,645 (2020 - $4,068). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short-term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The Company is satisfied with the credit ratings of its bank. As of December 31, 2021 and 2020, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at December 31, 2021 and 2020, the Company was not exposed to foreign currency risk.

Expressed in Canadian Dollars

6. FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

7. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada.

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the year ended December 31, 2021, the Company:

i) paid or accrued management and consulting fees of $30,000 (2020 - $Nil) to a company owned by an officer of the Company for management services provided.

ii) recorded $25,667 (2020 - $Nil) share-based compensations related to options granted to officers and directors of the Company.

During the period from incorporation from September 1, 2020 to December 31, 2020, the Company recorded $33,000 share-based compensations related to founders' shares issued to officers and directors of the Company.

Included in accounts payable and accrued liabilities at December 31, 2021 is $31,500 (2020 - $Nil) owed to a director and officer of the Company.

9. INCOME TAXES

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

		2021		**2020**
Loss for the period	$	(234,724)	$	(40,208)
Expected income tax (recovery) – 27%	$	(63,000)	$	(11,000)
Non-deductible expenses		7,000		9,000
Change in unrecognized deductible temporary differences		56,000		2,000
Total income tax expense (recovery)	$	-	$	-

Expressed in Canadian Dollars

9. INCOME TAXES (CONTINUED)

The significant components of the Company's deferred tax assets and liabilities are as follows that have not been included on the statement of financial position as follows:

		2021		2020
Non-capital losses	$	58,000	$	2,000
Unrecognized deferred tax asset	$	58,000	$	2,000

The Company has non-capital loss carry-forwards of approximately $214,000, which may be available to reduce taxable income in future years. The potential of these losses has not been recognized as a deferred tax benefit, as currently it is not probable that such a benefit will be utilized in the foreseeable future. Unless utilized, these losses will start expire in 2040.

10. SUBSEQUENT EVENTS

On January 28, 2022, the Company completed its IPO of 3,503,400 common shares at a price of $0.10 per share for gross proceeds of $350,340. PI Financial Corp. acted as agent for the IPO, ands received a cash commission $35,034, a corporate finance fee of $25,000 and 350,340 agent's compensation options to purchase 350,340 shares at a price of $0.10 per share, exercisable on or before January 28, 2025.

On February 15, 2022, the Company issued 100,000 common shares pursuant to the terms of the Silver Lake Property option agreement.