PURSUIT GOLD CORP.

Financial Statements

For the years ended November 30, 2021 and 2020

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pursuit Gold Corp.

Opinion

We have audited the financial statements of Pursuit Gold Corp. (the "Company"), which comprise the statement of financial position as at November 30, 2021 and 2020, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended November 30, 2021 and period from September 15, 2020 (inception) to November 30, 2020, 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 November 30, 2021 and 2020, and its financial performance and its cash flows for the year ended November 30, 2021 and period from September 15, 2020 (inception) to November 30, 2020 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 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 the information included in 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
March 23, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

PURSUIT GOLD CORP.
Statements of Financial Position
(Expressed in Canadian Dollars)

		November 30, 2021		November 30, 2020
ASSETS				
Current Assets				
Cash	$	265,701	$	194,358
GST Receivable		5,884		474
Subscriptions Receivable (Note 6)		-		115,000
Total current assets		271,585		309,832
Non-current assets				
Exploration and evaluation assets (Note 5)		100,925		-
Total non-current assets		100,925		-
Total assets	$	372,510	$	309,832
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 4 and 7)	$	53,404	$	13,140
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		467,400		312,000
Deficit		(148,294)		(15,308)
		319,106		296,692
	$	372,510	$	309,832

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
EVENTS AFTER THE REPORTING PERIOD (Note 11)

These financial statements were approved for issue by the Audit Committee of the Board of Directors on March 23, 2022 and are signed on its behalf by:

Approved by *"Kostantinos Sakarellos"*, Director *"Richard Rosner"*, Director

PURSUIT GOLD CORP.

Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year ended November 30, 2021	From Inception (September 15, 2020) to November 30, 2020
EXPENSES		
Consulting fees (Note 7)	$ 30,125	$ 2,500
General and administrative	258	2,517
Professional fees	87,088	10,291
Transfer Agent and Filing fees	15,515	-
NET LOSS AND COMPREHENSIVE LOSS	(132,986)	(15,308)
NET LOSS PER SHARE, BASIC AND DILUTED	$ (0.01)	$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING	14,387,459	7,620,779

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

PURSUIT GOLD CORP.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Common Shares		Share Capital		Deficit		Total Equity
Balance, September 15, 2020 (inception)	-	$	-	$	-	$	-
Issuance of common shares (Note 6)	14,100,000		312,000		-		312,000
Net loss	-		-		(15,308)		(15,308)
Balance, November 30, 2020	14,100,000	$	312,000	$	(15,308)	$	296,692
Issuance of special warrants for cash (Note 6)	-		103,900		-		103,900
Issuance of common shares for finders' fees (Notes 5 and 6)	15,000		1,500		-		1,500
Issuance of common shares upon exercise of warrants (Note 6)	500,000		50,000		-		50,000
Issuance of common shares upon exercise of special warrants (Note 6)	1,039,000		-		-		-
Net loss	-		-		(132,986)		(132,986)
Balance, November 30, 2021	15,654,000	$	467,400	$	$ (148,294)	$	319,106

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

PURSUIT GOLD CORP.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the year ended November 30, 2021	From inception (September 30, 2020) to November 30, 2020
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss	$ (132,986)	$ (15,308)
Changes in non-cash working capital accounts:		
Receivables	(5,410)	(474)
Accounts payable and accrued liabilities	40,264	13,140
	(98,132)	(2,642)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(99,425)	-
FINANCING ACTIVITIES		
Proceeds from unit sales	115,000	312,000
Proceeds from issuance of special warrants	103,900	-
Proceeds from exercise of warrants	50,000	-
Subscriptions receivable	-	(115,000)
	268,900	197,000
NET CHANGE IN CASH	71,343	194,358
CASH, BEGINNING OF PERIOD	194,358	-
CASH, END OF PERIOD	$ 265,701	$ 194,358

Supplemental cash flow information:

Issuance of shares for settlement of finders' fees	$ 1,500	-

1. Nature of Operations and Going Concern

Pursuit Gold Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on September 15, 2020. The head office of the Company is located at Suite 250-999 Seymour Street, Vancouver, British Columbia V6B 0M5 and the registered and records office of the Company is located at Suite 1170-1040 West Georgia Street, Vancouver, British Columbia V6B 0M5.

The Company is engaged in the acquisition, exploration and development of resource properties. On December 28, 2020, the Company signed an option agreement to acquire a property (Note 5). Prior to this, the Company's activities had been limited to its formation and the raising of equity capital.

Going Concern

These financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Basis of Preparation

The financial statements were authorized for issuance on March 23, 2022 by the directors of the Company.

(a) Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance and using accounting policies in compliance 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").

(b) Use of Estimates and Judgments

The preparation of the Company's financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Areas requiring a significant degree of estimation and judgment include fair value measurements for financial instruments, the recoverability of exploration and evaluation assets, the recoverability and measurement of deferred tax assets and liabilities and assessment of the Company's ability to continue as a going concern.

3. Significant Accounting Policies

(a) Cash

Cash includes cash at banks and highly liquid investments with original maturities of three months or less, which are readily convertible into a known amount of cash. As of November 30, 2021, the Company had $265,701 in cash.

3. Significant Accounting Policies (continued)

(b) Financial Instruments

i) Classification

The Company classifieds its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Cash is classified as FVTPL and accounts payable is classified as amortized cost.

ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

iii) Impairment of financial assets at amortized cost

The Company recognized 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 at an amount equal to the twelve month expected credit losses. The Company recognize in the statements of net income (loss), 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.

iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss).

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

iv) Derecognition (continued)

Financial liabilities

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

(c) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit and loss.

(e) Income and Loss Per Share

Basic income and loss per share amounts are calculated by dividing income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted income or loss per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. During the year ended to November 30, 2021, there were warrants outstanding and conversion privileges attached to the warrants. The common share equivalents of these securities have not been included in the calculations of loss per share because such inclusions would have an anti-dilutive effect as the Company has incurred losses during the year and period ended November 30, 2021 and 2020.

3. Significant Accounting Policies (continued)

(f) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve.

The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(g) Exploration and Evaluation Assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or received) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(Expressed in Canadian Dollars)

4. Accounts Payable and Accrued Liabilities

The Company had the following accounts payable and accrued liabilities as of November 30, 2021 and 2020:

		November 30, 2021		November 30, 2020
Accounts payable	$	32,904	$	8,140
Accrued liabilities (Note 6)		20,500		5,000
	$	53,404	$	13,140

5. Exploration and Evaluation Assets

On December 28, 2020 the Company entered into an option agreement (amended October 11, 2021, collectively the "Agreement"), with Rainy Mountain Royalty Corp. ("Rainy"), pursuant to which, the Company has been granted an option (the "Option") to acquire the right to earn an undivided and up to 90% interest in Rainy's mineral claims located in the Porcupine Mining Division in Ontario, Canada (the "Property"), subject to a 2% net smelter return ("NSR") royalty on commercial production from certain of the mineral claims.

Pursuant to the terms of the Agreement, and in order to earn a 51% undivided interest in the Property ("Option 1"), the Company must make the following payments:

- make cash payment of $30,000 upon execution of the Agreement; (completed);
- make cash payment of $25,000 by September 15, 2021; (paid)
- make cash payment of $25,000 by September 15, 2022;
- incur expenditures of $200,000 on the Property by September 30, 2022, of which $100,000 is a firm commitment;
- incur expenditures of $350,000 on the Property by September 30, 2023.

The Company will have 90 days after making the above payments to notify Rainy that it intends to proceed to increase the Company's undivided interest as detailed below. Failing to do so will result in the Company and Rainy forming a joint venture.

In order to maintain the Option in good standing and increase the Company's undivided interest to 80% ("Option 2"), the Company must make the following payments:

- make payment of $50,000 by September 15, 2023;
- make cash payment of $50,000 by September 30, 2024;
- incur expenditures of $400,000 on the Property by September 30, 2023; and
- Incur expenditures of $500,000 on the Property by September 30, 2024.

The Company will also grant Rainy a 1.5% NSR after the Company earns the 80% interest. The Company may reduce the NSR royalty to 0.5% by making a payment of $1,000,000.

Upon the Company having exercised Option 2, the Company has 90 days in which to notify Rainy that it intends to proceed to exercise Option 3, failing which the Company and Rainy will proceed to form a joint venture. If the Company completes a "Bankable Feasibility Study" on the Property, the Company will have deemed to have exercised Option 3 and earn a 90% interest in the Property, subject to the above mentioned NSR.

The Company had the following expenditures as of November 30, 2021:

		November 30, 2021		November 30, 2020
Cost of acquiring the right of interest in mineral claims	$	55,000	$	-
Finders fee (note 6)		3,000		-
Line cutting		42,925		-
	$	100,925	$	-

6. Share Capital

a. Authorized

The Company has authorized an unlimited number of common shares with no par value.

b. Issued share capital

During the year ended November 30, 2021, the Company issued 1,554,000 common shares as follows:

- On September 29, 2021, 1,039,000 Special Warrants (note 6(f)) were deemed to have been exercised, resulting in the issuance of 1,039,000 common shares, and 519,500 share purchase warrants with an exercise price of $0.20, expiring May 29, 2023.
- The Company issued 15,000 common shares, valued at $1,500 for finder fees (Note 5).
- The Company issued 500,000 common shares upon the exercise of warrants with an exercise price of $0.10 for total proceeds of $50,000.

During the period from inception on September 15, 2020 to November 30, 2020, the Company issued 14,100,000 common shares as follows:

- On September 15, 2020, the Company issued 3,400,000 common shares at $0.005 per share for total proceeds of $17,000.
- During October and November 2020, the Company issued 8,000,000 units at a price of $0.02 per unit, for total proceeds of $160,000. Each unit consists of one common share and one-half non-transferrable share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.10 per share for two years.
- During November 2020, the Company issued 2,700,000 units at a price of $0.05 per unit, for total proceeds of $135,000. Each unit consists of one common share and one-half non-transferrable share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.10 per share for two years.

c. Subscription receivable

As at November 30, 2020, the Company had a subscription receivable of $115,000 for units issued during the period ended November 30, 2020. The funds were received in December 2020.

d. Loss per share

The calculation of basic loss per share for the year ended November 30, 2021 was based on the loss attributable to common shareholders of $132,986 and the weighted average number of common shares outstanding of 14,387,459.

(Expressed in Canadian Dollars)

6. Share Capital (continued)

e. Warrants

The following table summarizes information about the warrants at November 30, 2021 and 2020, and the changes for the year/period then ended:

	November 30, 2021		November 30, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period/year	5,350,000	$ 0.10	-	$ -
Granted	519,500	0.20	5,350,000	0.10
Exercised	(500,000)	0.10	-	-
Outstanding, end of period/year	5,369,500	$ 0.11	5,350,000	$ 0.10

The Company's warrants are exercisable only for common shares. The following is a summary of warrants outstanding and exercisable at November 30, 2020:

Number of Warrants	Exercise Price	Expiry Date
4,850,000	$0.10	November 30, 2023
519,500	$0.20	May 29, 2023
5,369,500		

f. Special Warrants

On May 29, 2021, the Company completed a financing of 1,039,000 units (the "Units") at a price of $0.10 for total proceeds of $103,900. Each unit consists of one special warrant (the "Special Warrants") and one-half of one transferable share purchase warrant ("Warrant"). Each Special Warrant entitles the holder to acquire one common share of the Company for no additional consideration. All unexercised Special Warrants will be deemed to be exercised on the earlier of: (a) the date that is four months and a day following the closing date, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the Provinces of Canada where the Units are sold. See note 6(b).

(Expressed in Canadian Dollars)

7. Related Party Transactions

During the year ended November 30, 2021, the Company incurred consulting and accounting fees in the amount of $33,750 (2020: $5,000) to an officer of the Company. Included in accounts payable and accrued liabilities is $5,250 (2020: $2,500) due to an officer of the Company.

8. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		For the Year Ended November 30, 2021		From Inception (September 30, 2020) to November 30, 2020
Net loss	$	(132,986)	$	(15,308)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(35 906)		(4,133)
Change in valuation allowance		35,906		4,133
Tax recovery	**$**	**-**	**$**	**-**

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		November 30, 2021		November 30, 2020
Non-capital losses – Canada	$	148,294	$	15,308

The non-capital losses expire at varying dates up to 2041.

9. Management of Capital

The Company's capital structure consists of cash and share capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to acquire a business or asset. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the year.

10. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

As at November 30, 2021, the Company's financial instruments consist of cash and accounts payable.

In management's opinion, the Company's carrying values of cash and accounts payable approximate their fair values due to the immediate or short-term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

a. Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assessed credit risk as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meets its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company maintained sufficient cash balances to meet its short term obligations but cannot guarantee to meet the payment terms of the agreement for its exploration and evaluation assets (Note 5) at November 30, 2021. The Company assessed liquidity risk as high.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

11. Events After the Reporting Period

Subsequent to year end, the Company granted 500,000 share purchase options to officers and directors of the Company. The options have an exercise price of $0.10, are exercisable for a period of two years after the grant date and vest immediately.

On January 26, 2022, the Company's common shares began trading on the Canadian Securities Exchange ("CSE") under the symbol trading symbol PUGS.