

**TALENT INFINITY RESOURCE DEVELOPMENTS INC.**  
(formerly Talent Infinity Capital Fund Corporation)  
(an exploration stage company)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)

**FOR THE PERIODS ENDED AUGUST 31, 2022 AND 2021**

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Talent Infinity Resource Developments Inc. ("Talent Infinity" or the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements; and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

**TALENT INFINITY RESOURCE DEVELOPMENTS INC.**  
**(Formerly Talent Infinity Capital Fund Corporation)** (an exploration stage company)  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited - Expressed in Canadian Dollars)

As at,	Notes:	August 31, 2022	May 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 218,165	\$ 300,173
Prepaid expenses		9,251	5,000
Receivables		2,077	2,077
<b>Total current assets</b>		<b>229,493</b>	<b>307,250</b>
<b>Non-current</b>			
Loan receivable	9	21,245	20,534
Exploration and evaluation assets	5	70,000	70,000
<b>TOTAL ASSETS</b>		<b>\$ 320,738</b>	<b>\$ 397,784</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	4	\$ 44,780	\$ 103,436
Loans Payable	8	46,554	33,219
<b>Total current liabilities</b>		<b>\$ 91,334</b>	<b>\$ 136,655</b>
<b>Non-current</b>			
Loans Payable	8	186,896	177,490
<b>TOTAL LIABILITIES</b>		<b>\$ 278,230</b>	<b>\$ 314,145</b>
<b>Shareholders' Equity</b>			
Share Capital	7	479,593	479,593
Deficit		(437,085)	(395,954)
<b>Total shareholders' equity</b>		<b>42,508</b>	<b>83,639</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 320,738</b>	<b>\$ 397,784</b>

**Nature and continuance of operations** (Note 1)

Approved and authorized by the Board on October 31, 2022:

Derrick Gaon, Director

Barry Bergstrom, Director

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

**TALENT INFINITY RESOURCE DEVELOPMENTS INC.**  
**(Formerly Talent Infinity Capital Fund Corporation)** (an exploration stage company)  
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
For the periods ended August 31, 2022 and 2021  
(Unaudited – Expressed in Canadian Dollars)

	<b>Three Months Ended</b>	
	<b>August 31, 2022</b>	August 31, 2021
<b>EXPENSES</b>		
Management and Consulting fees	\$ 6,194	\$ 15,000
Exploration expenses	19,646	86,802
General and office administration	6,566	5,886
Professional fees	3,371	26,373
Filing fees	3,150	700
	38,927	134,761
<b>OTHER INCOME</b>		
Interest income	1,144	406
Foreign exchange gain/(loss)	3,131	10,539
Finance costs	(6,479)	-
	(2,204)	10,945
<b>Loss and comprehensive loss for the period</b>	<b>\$ 41,131</b>	<b>\$ 123,816</b>
<b>Basic and diluted loss per common share</b>	<b>(\$0.00)</b>	<b>(\$0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>19,978,548</b>	<b>8,120,534</b>

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

**TALENT INFINITY RESOURCE DEVELOPMENTS INC.**  
**(Formerly Talent Infinity Capital Fund Corporation)** (an exploration stage company)  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
For the periods ended August 31, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

	<b>August 31, 2022</b>	August 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (41,131)	\$ (123,816)
Accrued interest income	(711)	(321)
Accretion on long term loans	1,810	-
Accrued interest expense	4,669	-
Foreign exchange on loans payable	3,206	-
Change in non-cash working capital items:	-	-
Accounts payable and accrued liabilities	(58,657)	45,165
Accounts receivable	-	-
Prepaid expenses	(4,251)	10,000
Net Cash used in operating activities	(95,065)	(68,972)
		-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans payable	-	(25,798)
Proceeds received on loan payable	13,057	-
Net cash provided by financing activities	13,057	(25,798)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan receivable	-	(20,000)
Exploration and evaluation assets	-	(35,000)
Net cash used in investing activities	-	(55,000)
<b>Change in cash for the period</b>	<b>\$ (82,008)</b>	<b>\$ (149,770)</b>
<b>Cash, beginning of period</b>	<b>300,173</b>	<b>548,640</b>
<b>Cash, end of period</b>	<b>\$ 218,165</b>	<b>\$ 398,870</b>
<b>Cash paid during the period for interest</b>	<b>\$-</b>	<b>\$-</b>
<b>Cash paid during the period for income taxes</b>	<b>\$-</b>	<b>\$-</b>

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

**TALENT INFINITY RESOURCE DEVELOPEMENTS INC.** (formerly Talent Infinity Capital Fund Corporation) (an exploration stage company)  
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the periods ended August 31, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

		<b>Share Capital</b>						
	Notes:	Number	Amount	Shares to be issued	Contributed Surplus	Deficit	Total	
<b>Balance at May 31, 2021</b>		6,223,646	\$ 124,349	\$ 282,098	\$ -	\$ (101,704)	\$ 304,743	
Shares issued for debts	7	750,000	75,000	-	-	-	75,000	
Private placement – third round	7	12,729,902	254,598	(254,598)	-	-	-	
Private placement – fourth round	7	275,000	27,500	(27,500)	-	-	-	
Capital distribution by a related party		-	(1,854)	-	-	-	(1,854)	
Loss for the period		-	-	-	-	(123,816)	(123,816)	
<b>Balance at August 31, 2021</b>		19,978,548	\$ 479,593	\$ -	\$ -	\$ (225,520)	\$ 254,073	
<b>Balance at May 31, 2022</b>		19,978,548	\$ 479,593	\$ -	\$ -	\$ (395,954)	\$ 83,639	
Loss for the period		-	-	-	-	(41,131)	(41,131)	
<b>Balance at August 31, 2022</b>		19,978,548	\$ 479,593	\$ -	\$ -	\$ (437,085)	\$ 42,508	

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Talent Infinity Capital Corporation (the “**Company**”) is incorporated under the *Business Corporations Act*, (British Columbia). On January 14, 2021, the Company changed its name to Talent Infinity Resource Developments Inc. The Company is engaged in the acquisition, exploration and development of mineral resource properties located in Canada. The Company was incorporated on June 25, 2020.

The Company’s head office and records office is located at 5728 East Boulevard, Vancouver, British Columbia, Canada, V6M 4M4.

The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These condensed interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At May 31, 2022 the Company had not yet achieved profitable operations, had accumulated losses of \$437,085 since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

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.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended May 31, 2022.

### **Basis of Presentation**

These condensed interim financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurements standards under IFRS. These condensed interim financial statements are presented in Canadian dollars unless otherwise specified.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Significant accounting policies

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended May 31, 2021 and have been consistently followed in the preparation of these condensed interim financial statements. The Company used the same accounting policies and methods of computation as in the audited annual financial statements for the year ended May 31, 2022.

### COVID-19

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID- 19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

## 3. SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include Economic recoverability and probability of future economic benefits of mineral properties and recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

### Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.



#### 4. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	August 31, 2022	May 31, 2022
Trade payables	\$ 25,780	\$ 61,282
Accrued liabilities	19,000	42,154
Total	\$ 44,780	\$ 103,436

#### 5. MINERAL PROPERTIES

##### Wildcat Property

On June 30, 2020 the Company entered into an option agreement (the "Option Agreement") whereby it can earn a 100% interest (subject to a 2.0% net smelter return royalty "NSR") in 10 mineral claims situated in the Quesnel Terrane area of the Province of British Columbia (the "Wildcat Property"). The interest in the Wildcat Property can be earned where certain requirements are met as set forth within the option agreement. These are further outlined below:

The terms of the option agreement include:

- a) Total payments of \$770,000 to the vendor as follows:
- \$20,000 on or before July 31, 2021 (\$10,000 paid during May 31, 2021 year-end and \$10,000 paid on June 8, 2021)
  - \$50,000 on or before November 30, 2021 (paid)
  - \$50,000 on or before the earlier of the second anniversary of the Company becoming publicly traded (the "Listing Date") or November 30, 2022
  - \$250,000 on or before the earlier of the third anniversary of Listing Date or November 30, 2023
  - \$400,000 on or before the earlier of the fourth anniversary of the Listing Date or November 30, 2024

The option may be exercised by the company through paying \$770,000 to the vendor in a combination of cash and shares; with a minimum of 25% of the payment in cash (at the option of the vendor the minimum 25% payment may be requested to be made as shares of the company).

- b) Incurring total work expenditures of \$107,500 on the Wildcat Property on or before November 30, 2022.

The following is the Company's exploration and evaluation expenditures as at August 31, 2022:

	Wildcat Property	Total
<b>Acquisition Costs</b>		
Balance May 31, 2022	\$ 70,000	\$70,000
Additions	-	-
<b>Balance, August 31, 2022</b>	<b>\$ 70,000</b>	<b>\$ 70,000</b>

## 5. MINERAL PROPERTIES (CONTINUED)

The following table shows the activity by category of exploration:

<b>Exploration and Evaluation Expenditures</b>	<b>August 31, 2022</b>	<b>August 31, 2021</b>
	<b>(\$)</b>	<b>(\$)</b>
Geological field supervision and support	-	9,450
Geological surveying, consulting and reporting	-	61,864
Geochemical sampling crew	-	-
Field support and supplies	19,646	-
Vehicles and travel to and on property	-	-
Other	-	15,488
<b>Total</b>	<b>19,646</b>	<b>86,802</b>

## 6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

During the period ended August 31, 2022, the company incurred management and consulting fees to related parties of \$nil (2021 - \$nil).

As at August 31, 2022, the company had amounts payable to a director of the Company of \$1,315 (May 31, 2022 - \$1,315) and an amount receivable of \$2,076 (May 31, 2022 - \$2,076) from a director of the Company.

Refer to #9 (Loan Receivable) for a related party transaction.

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

## 7. SHARE CAPITAL AND RESERVES

### a) Authorized share capital

As at August 31, 2022, the authorized share capital of the Company is an unlimited number of common shares without par value.

### b) Issued share capital:

For the period ended August 31, 2022:

There were no share capital transactions for the period ended August 31, 2022.

For the period ended May 31, 2022:

#### *Third Round*

On August 18, 2021, the Company closed its Third Round of the Private Placement, issuing 12,729,902 common shares at a price of \$0.02 per common share for proceeds of \$254,598. As proceeds for the shares had been received during the year ended May 31, 2021 in respect of the Third Round of the Private Placement, the Company reclassified \$254,598 from Shares to be Issued to Common Shares.

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

#### Fourth Round

On August 20, 2021, the Company closed its Fourth Round of the Private Placement, issuing 275,000 common shares at a price of \$0.10 per common share for proceeds of \$27,500. As proceeds for the shares had been received during the year ended May 31, 2021 in respect of the Fourth Round of the Private Placement, the company reclassified \$27,500 from Shares to be Issued to Common Shares.

On August 23, 2021, the Company settled \$75,000 of the loan for the issuance of 750,000 common shares of the company.

For the year ended May 31, 2021:

On June 25, 2020 within the course of incorporation, the Company issued one-hundred common shares for proceeds of \$1 to the incorporator.

During the period ended May 31, 2021, the Company closed on the first and second round of a multiple stage non-brokered private placement (the “Private Placement”). There were no fees paid in respect of the Private Placement.

#### First Round

On April 26, 2021, the first round of the Private Placement closed and the company raised \$28,826 via issuance of a total of 1,441,316 common shares at a value of \$0.02 per common share.

#### Second Round

On May 7, 2021, the second round of the private placement closed and the company raised \$95,645 via issuance of a total of 4,782,230 common share at a value of \$0.02 per common share.

As a result of the closing of the first and second round Private Placement, the Company incurred \$123 in share issuance costs.

#### Shares to be issued

As at May 31, 2021, the Company has received cash of \$254,598 in respect of the third round of the Private Placement, whereby, the Company issued 12,729,902 common shares at a price of \$0.02 per common share on August 18, 2021.

Additionally, as at May 31, 2021, the Company has received cash of \$27,500 in respect of the fourth round of the Private Placement, whereby the company issued 275,000 common shares at a price of \$0.10 per common share on August 20, 2021.

#### c) Warrants

As at August 31, 2022, the Company had Nil outstanding warrants and no warrant transactions during the period then ended.

#### d) Options

As at August 31, 2022, the Company had Nil outstanding stock options and no stock option transactions during the period then ended.

## **8. LOANS PAYABLE**

During the year ended May 31, 2021, the Company was advanced \$253,283 (US\$210,157) in cash by way of a non-interest bearing, non-recourse loan with no fixed date of repayment (the “Loan Payable”). During the year ended

May 31, 2022, the Company repaid \$100,427 of the outstanding loan balance and had foreign exchange adjustments of \$12,010. On August 23, 2021, the Company settled \$75,000 of the outstanding loan balance via issuance of 750,000 common shares of the company (see Note 7). On December 8, 2021, the company negotiated with a creditor to convert \$82,259 (US \$65,000) of the Loan Payable into an interest-bearing loan as described the below. As at May 31, 2022, the Loan Payable had an outstanding balance of \$7,608 (US\$5,760), which was classified as current liabilities on a statement of financial position. During the period ended August 31, 2022, the Company recognized a foreign exchange loss of \$279 and the outstanding balance of the Loan Payable was \$7,887.

On December 8, 2021, the company negotiated with a creditor to convert \$82,259 (US \$65,000) of the Loan Payable into an interest-bearing loan (the “Interest-Bearing Loan”). The Interest-Bearing Loan bears simple interest of 10% and has a 24-month term with a maturity date of December 7, 2023. No interest payments are due until the term of the loan. The Interest-Bearing Loan was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 15% per annum. The Interest-Bearing Loan was recorded at amortized cost of \$74,636, with a gain of \$7,624 on a long-term loan that was recorded in the statement of profit and loss for the year ended May 31, 2022. For the year ended May 31, 2022, the Company recognized accretion and interest of \$5,368 on the Interest-Bearing Loan and foreign exchange adjustment of \$(52). As at May 31, 2022, the carrying value of the Interest-Bearing loan was \$79,952, which was classified as non-current liabilities on a statement of financial position. During the period ended August 31, 2022, the Company recognized accretion and financing costs of \$2,980 and a foreign exchange loss of \$2,927. The carrying value of the Interest-Bearing Loan as at August 31, 2022 was \$85,859.

During the year ended May 31, 2022, the Company was advanced \$25,611 in cash by way of a non-interest bearing, non-recourse loan with no fixed date of repayment. (the “Loan Payable #2”). As at May 31, 2022, the Loan Payable #2 had an outstanding balance of \$25,611, which was classified as current liabilities on a statement of financial position. During the period ended August 31, 2022, the Company received an additional advance under the existing terms of the Loan Payable #2 of \$13,057. Accordingly, the outstanding amount payable as at August 31, 2022 under the Loan Payable #2 was \$38,668.

On November 30, 2021, the Company was advanced \$99,985 in cash by way of an interest-bearing loan. The loan bears simple interest of 10% and has a 24-month term with a maturity date of November 29, 2023. No interest payments are due until the term of the loan. The loan was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 15% per annum. The loan was recorded at amortized cost of \$90,719, with a gain of \$9,266 on a long-term loan that was recorded in the statement of loss for the year ended May 31, 2022. During the year ended May 31, 2022, the Company recorded accretion and interest of \$6,819 on the loan payable. As at May 31, 2022, the carrying value of the loan was \$97,538, which was classified as non-current liabilities on a statement of financial position. During the period ended August 31, 2022, the Company recognized accretion and financing costs of \$3,499. The carrying value of the loan as at August 31, 2022 was \$101,037.

## **8. LOANS RECEIVABLE**

On July 19, 2021, the Company entered into a term loan agreement (the “Loan Receivable”) with a director of the Company (Note 6) whereby the Company loaned \$20,000 to a director of the Company. The Loan Receivable carries an interest rate of 10% per annum and has a fixed term of 24 months. The Loan Receivable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 15% per annum. The loan was recorded at amortised cost of \$18,146, with reduction of share capital of \$1,854 as capital contribution by a related party. During the period ended August 31, 2022, the Company recorded accretion and interest of \$711 on the loan receivable. As at August 31, 2022, the balance of the loan is \$21,245 (May 31, 2022 - \$20,534).

## **9. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

## 10. FINANCIAL AND CAPITAL RISK MANAGEMENT

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.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair values of cash and accounts payable approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at August 31, 2022 as follows:

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash	\$ 218,165	-	-	\$ 218,165
	\$ 218,165	-	-	\$ 218,165

The Company is exposed to varying degrees to a variety of financial instrument related risks:

### *Foreign exchange risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has certain monetary assets denominated in United States Dollars. As at August 31, 2022, the Company had United States Dollar cash on hand with a Canadian dollar equivalent of \$155,470.

Assuming that all other variables remain constant, a fluctuation of +/- 1.0 percent in the exchange rate between the Canadian Dollar and the United States Dollar would impact loss before taxes by \$1,554 as at August 31, 2022.

### *Credit risk*

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

### *Interest rate risk*

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

### *Liquidity risk*

The Company's ability to continue as a going concern is dependent on management's ability to raise required

## 10. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

*Price risk*

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

*Capital management*

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors do 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. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**11. SUBSEQUENT EVENTS**

On October 24, 2022, the Company signed a conditional LOI for an assignment option to acquire a 100% interest in and the commercialization and development rights in the White River (Baihe) Leling Land Deed ("White River"). The property covers approximately 183,459 square meters and is unique in that a wide range of commercialization opportunities and licenses for a variety of land uses are allowed on the property. Management is presently in the process of performing due diligence with respect to the property.