

Corcel Exploration Inc.

Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021

and

The Period from July 21, 2020 (Date of Incorporation) to September 30, 2020

(Expressed in Canadian Dollars)

Notice to Reader

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

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

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

Corcel Exploration Inc.Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

| | As at September 30, 2021 | As at June 30, 2021 |
|--|--------------------------------|---------------------------|
| | \$ (Unaudited) | \$ (Audited) |
| <u>Assets</u> | | |
| Current Assets | | |
| Cash | 181,377 | 72,115 |
| Other receivables (Note 4) | 3,597 | 957 |
| Prepaid expenses | 20,000 | - |
| Total Assets | 204,974 | 73,072 |
| <u>Liabilities</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (Notes 5 and 8) | 43,293 | 12,176 |
| Total Liabilities | 43,293 | 12,176 |
| <u>Shareholders' Equity</u> | | |
| Share capital (Note 6) | 403,250 | 233,250 |
| Accumulated deficit | (241,569) | (172,354) |
| Total Shareholders' Equity | 161,681 | 60,896 |
| Total Liabilities and Shareholders' Equity | 204,974 | 73,072 |

Nature of operations and going concern (Note 1)

Commitments (Note 9)

Contingencies (Note 12)

Subsequent events (Note 13)

Approved on behalf of the Board of Directors:

“Stephen Dunn”
Stephen Dunn, Director

“Joel Freudman”
Joel Freudman, Director

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020

(Expressed in Canadian Dollars)

| | Three Months ended September 30, 2021 | For Period from Incorporation to September 30, 2020 |
|--|--|--|
| | \$ | \$ |
| <u>Expenses</u> | | |
| Exploration and evaluation expenses (Note 9) | - | 121,319 |
| Professional fees (Note 8) | 27,407 | 4,457 |
| Filing and listing transaction fees | 41,363 | 7,475 |
| General and administrative | 445 | 71 |
| Net Loss and Comprehensive Loss | (69,215) | (133,322) |
| Weighted Average Number of Outstanding Shares | | |
| – Basic and Diluted (Note 7) | 14,632,609 | 10,552,817 |
| Net Loss per Share – Basic and Diluted (Note 7) | (0.005) | (0.013) |

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020

(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital | Accumulated Deficit | Total |
|--|-----------------------------|--------------------------|--------------------------------|----------------|
| | # | \$ | \$ | \$ |
| Balance, July 21, 2020 | - | - | - | - |
| Issuance of shares for cash (Note 6) | 9,750,000 | 176,250 | - | 176,250 |
| Issuance of shares for property acquisition (Note 9) | 1,000,000 | 20,000 | - | 20,000 |
| Net loss and comprehensive loss | - | - | (133,322) | (133,322) |
| Balance, September 30, 2020 | 10,750,000 | 196,250 | (133,322) | 62,928 |
| Balance, June 30, 2021 | 12,600,000 | 233,250 | (172,354) | 60,896 |
| Issuance of shares for cash (Note 6) | 3,400,000 | 170,000 | - | 170,000 |
| Net loss and comprehensive loss | - | - | (69,215) | (69,215) |
| Balance, September 30, 2021 | 16,000,000 | 403,250 | (241,569) | 161,681 |

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

Corcel Exploration Inc.

Unaudited Condensed Interim Statements of Cash Flows

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020

(Expressed in Canadian Dollars)

| | Three Months ended September 30, 2021 | For Period from Incorporation to September 30, 2020 |
|--|--|--|
| | \$ | \$ |
| <u>Operating Activities</u> | | |
| Net loss for the period | (69,215) | (133,322) |
| Adjustments for non-cash items: | | |
| Shares issued for property acquisition (Note 9) | - | 20,000 |
| | (69,215) | (113,322) |
| Net change in non-cash working capital items: | | |
| Other receivables | (3,597) | (5,624) |
| Prepaid expenses and advances | (19,043) | - |
| Accounts payable and accrued liabilities | 31,117 | 9,330 |
| Cash Flows (used in) Operating Activities | (60,738) | (109,616) |
| <u>Financing Activities</u> | | |
| Proceeds from issuance of common shares (Note 6) | 170,000 | 176,250 |
| Cash Flows provided by Financing Activities | 170,000 | 176,250 |
| Increase in cash | 109,262 | 66,634 |
| Cash, beginning of period | 72,115 | - |
| Cash, end of period | 181,377 | 66,634 |

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

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Corcel Exploration Inc. (“Corcel” or the “Company”) was incorporated under the laws of the Province of British Columbia, Canada, by Articles of Incorporation, dated July 21, 2020. The Company was formed to engage in the business of acquiring, exploring and evaluating mineral resource properties. The address of the Company’s corporate office and principal place of business is 335-1632 Dickson Avenue, Kelowna, British Columbia, V1Y 7T2, Canada.

The Company’s mineral resource properties are in the exploration stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company’s mineral resource properties depend on the ability of the Company to obtain financing.

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

Although the Company has taken steps to verify title to the mineral resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The global outbreak of the novel coronavirus (“COVID-19”) has had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time, it is unknown the extent of the impact the continued evolution of COVID-19 may have on the Company, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company’s business and financial condition.

These unaudited condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting (“IAS 34”).

These unaudited condensed interim financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the “Board”) of the Company on November 10, 2021.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(b) Basis of Measurement

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

(c) Functional Currency

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

(d) Significant Accounting Judgments and Estimates

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

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those noted in the Company's audited financial statements for the period from July 21, 2020 (Date of Incorporation) to June 30, 2021, unless otherwise noted below.

(a) Adoption of New Accounting Policies

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

Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)

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

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

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

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

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

(a) Adoption of New Accounting Policies (continued)

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

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

4. Other Receivables

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

5. Accounts Payable and Accrued Liabilities

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

| | September 30, 2021 | June 30, 2021 |
|---------------------|-----------------------|------------------|
| | \$ | \$ |
| Accounts payable | 15,262 | 8,176 |
| Accrued liabilities | 28,031 | 4,000 |
| | <u>43,293</u> | <u>12,176</u> |

The Company’s standard term for trade payables is 30 to 60 days.

6. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at September 30, 2021 are as follows:

| | September 30, 2021 | June 30, 2021 |
|--|-----------------------|------------------|
| | \$ | \$ |
| Issued: 16,000,000 common shares (June 30, 2021 – 12,600,000 common shares) | <u>403,250</u> | <u>233,250</u> |

Share capital transactions for the three months ended September 30, 2021

On August 6, 2021, the Company issued 3,400,000 common shares, at a price of \$0.05 per common share, for gross proceeds of \$170,000.

Share capital transactions for the period from incorporation to September 30, 2020

On July 21, 2020, the Company issued 1,250,000 common shares, at a price of \$0.005 per common share, for gross proceeds of \$6,250.

On July 21, 2020, the Company also issued 8,500,000 common shares, at a price of \$0.02 per common share, for gross proceeds of \$170,000.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020
(Expressed in Canadian Dollars)

7. Loss per Share

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. For the three months ended September 30, 2021, the basic and diluted loss per share was \$0.005 (Period from incorporation to September 30, 2020 – \$0.013 per share). Currently, the Company's basic and diluted loss per share is the same, as no dilutive securities, including stock options and common share purchase warrants had been issued to date.

8. Related Party Transactions

Key management personnel compensation

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration of directors and other members of key management personnel during the three months ended September 30, 2021 and the period from incorporation to September 30, 2020 were as follows:

| | Three Months ended September 30, 2021 | For Period from Incorporation to September 30, 2020 |
|-------------------|--|--|
| | \$ | \$ |
| Professional fees | 6,000 | - |
| | 6,000 | - |

During the three months ended September 30, 2021, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged fees of \$6,000 (Period from incorporation to September 30, 2020 – \$nil), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at September 30, 2021, no balance was owed to Branson (June 30, 2021 – \$2,100; included in accounts payable and accrued liabilities).

Other related party transactions

During the period from incorporation to September 30, 2020, certain officers, directors or companies controlled by them participated in the Company's issuance of common shares as described in Note 6, and subscribed for 1,500,000 shares, for total gross proceeds of \$11,250.

9. Exploration and Evaluation Expenses

On August 4, 2020, the Company entered into an option agreement (the "Option Agreement") with two individual vendors to acquire a 100% interest in the Peak Mineral Property located in British Columbia (the "Peak Property") in exchange for 1,000,000 common shares of the Company with a fair value of \$20,000 based on the price of the most recent private placement financing at the time.

Pursuant to the Option Agreement, the Company is required to spend \$250,000 in exploration on the Peak Property:

- (i) \$100,000 by December 31, 2020 (completed); and
- (ii) \$150,000 by July 20, 2023.

A 2% royalty on net smelter returns ("NSR") from all production by the Company at the Peak Property will be payable. The Company may purchase one-half (1/2) of the NSR for \$1,000,000 at any time prior to specified milestones for commercial production.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020
(Expressed in Canadian Dollars)

9. Exploration and Evaluation Expenses (continued)

During the three months ended September 30, 2021 and the period from incorporation to September 30, 2020, the Company's exploration and evaluation ("E&E") expenses are comprised of the following:

| | Three Months ended September 30, 2021 | For the Period from Incorporation to September 30, 2020 |
|-----------------------------|--|--|
| | \$ | \$ |
| Property acquisition costs | - | 20,000 |
| Airborne geophysical survey | - | 101,319 |
| | - | 121,319 |

10. Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for its stakeholders. While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

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

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

11. Financial Instruments

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

Credit risk

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian chartered banks and in trust with the Company's legal counsel, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2021, the Company had a cash balance of \$181,377 (June 30, 2021 – \$72,115) to settle current liabilities of \$43,293 (June 30, 2021 – \$12,176).

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020

(Expressed in Canadian Dollars)

11. Financial Instruments (continued)

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at September 30, 2021:

| | Carrying amount | Year 1 | Year 2 to 3 | Year 4 to 5 |
|------------------|--------------------|--------|-------------|-------------|
| | \$ | \$ | \$ | \$ |
| Accounts payable | 43,293 | 43,293 | - | - |

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at September 30, 2021.

12. Contingencies

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

13. Subsequent Events

On October 6, 2021, the Company was conditionally approved for listing on the Canadian Securities Exchange (the "CSE"), subject to the following conditions:

- Issuance of a receipt for the final prospectus by the relevant securities regulators, and closing of the Company's initial public offering ("IPO") set out therein (receipt issued by the British Columbia Securities Commission on October 14, 2021);
- Confirmation that the public distribution of the Company's securities satisfies the CSE's minimum listing requirement; and
- Completion of any and all outstanding CSE application documentation and payment of fees pursuant to CSE policies.

On October 13, 2021, the Company entered into an agency agreement (the "Agency Agreement") with Research Capital Corporation (the "Agent") as its sole and exclusive agent to offer common shares of the Company for sale by way of an IPO to purchasers resident in British Columbia, Alberta, Ontario, and such additional jurisdictions as the Company and the Agent may agree upon. The IPO shall consist of 5,000,000 common shares (the "IPO Shares") of the Company at a price of \$0.10 per IPO Share, for aggregate gross proceeds of \$500,000. Pursuant to the Agency Agreement, the Company shall on the date(s) of closing of the IPO (the "IPO Closing"):

- Pay the Agent a cash commission equal to 8.0% of the gross proceeds from the IPO;
- Pay the Agent a corporate finance fee of \$35,000 plus applicable taxes, of which a non-refundable amount of \$20,000 plus applicable taxes has been received by the Agent, with the balance payable from the proceeds of the IPO on the IPO Closing; and
- Grant to the Agent a number of non-transferable warrants (the "Agent's Warrants") equal to 8.0% of the number of IPO Shares sold pursuant to the IPO, each such Agent's Warrant entitling the holder thereof to purchase one share at a price of \$0.10 per share for a period of 24 months after the IPO Closing.

Corcel Exploration Inc.

Notes to the Unaudited Condensed Interim Financial Statements

For the Three Months ended September 30, 2021 and the Period from Incorporation to September 30, 2020

(Expressed in Canadian Dollars)

13. Subsequent Events (continued)

The Agent has the right to increase the size of the IPO by up to 15% in IPO Shares (the “Agent’s Option”) at any time until the date which is 30 calendar days following the IPO Closing.

The Company will also have to reimburse all expenses incurred by the Agent related to the IPO and related engagements, including the Agent’s legal fees up to \$35,000.