BLANTON RESOURCES CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND FOR THE PERIOD FROM INCORPORATION ON DECEMBER 17, 2019 TO SEPTEMBER 30, 2020

(EXPRESSED IN CANADIAN DOLLARS)

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FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND FOR THE PERIOD FROM INCORPORATION ON DECEMBER 17, 2019 TO SEPTEMBER 30, 2020

(Expressed in Canadian dollars)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blanton Resources Corp.:

Opinion

We have audited the financial statements of Blanton Resources Corp. (the "Company"), which comprise the statement of financial position as at September 30, 2021, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the period from incorporation on December 17, 2019 to September 30, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 29, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
January 21, 2022

BLANTON RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian dollars)

	2021	2020
ASSETS		
CURRENT		
Cash	$ 21,164	$ 57,939
Amounts receivable	5,410	1,005
Deferred financing costs *(Note 13)*	42,242	-
	68,816	58,944
Exploration and evaluation assets *(Note 5)*	91,807	-
	$ 160,623	**$ 58,944**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities *(Note 7)*	$ 92,065	$ 20,580
Flow-through share premium liability *(Notes 6 and 11)*	42,716	-
	134,781	20,580
SHAREHOLDERS' EQUITY		
Share capital (*Note 6*)	156,000	59,000
Contributed surplus (*Note 6*)	45,000	45,000
Deficit	(175,158)	(65,636)
	25,842	38,364
	$ 160,623	**$ 58,944**

Nature of business and continuing operations (*Note 1*)
Commitments (*Note 11)*
Subsequent events (*Note 13)*

Approved on behalf of the Board:

"Michael Dake"
Director

"Sean McGrath"
Director

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

BLANTON RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND FOR THE PERIOD FROM INCORPORATION ON DECEMBER 17, 2019 TO SEPTEMBER 30, 2020
(Expressed in Canadian dollars)

	2021	2020
EXPENSES (INCOME)		
Filing fees	$ 9,513	$ -
Management fees (*Note 7)*	30,000	10,000
Professional fees	37,986	4,618
Office	3,616	-
Occupancy costs	36,691	6,018
Share-based compensation *(Notes 6 and 7)*	-	45,000
Other income *(Notes 6 and 11)*	(8,284)	-
NET LOSS AND COMPREHENSIVE LOSS	**$ (109,522)**	**$ (65,636)**
LOSS PER SHARE – BASIC AND DILUTED	**$ (0.01)**	**$ (0.01)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	**7,723,152**	**4,837,631**

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

BLANTON RESOURCES CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND FOR THE PERIOD FROM INCORPORATION ON DECEMBER 17, 2019 TO SEPTEMBER 30, 2020
(Expressed in Canadian dollars)

		2021		2020
OPERATING ACTIVITIES				
Net loss for the year	$	(109,522)	$	(65,636)
Item not involving cash:				
Other income		(8,284)		-
Share-based compensation		-		45,000
		(117,806)		(20,636)
Changes in non-cash working capital balances:				
Amounts receivable		(4,405)		(1,005)
Accounts payable and accrued liabilities		71,485		20,580
Cash used in operating activities		(50,726)		(1,061)
INVESTING ACTIVITES				
Exploration and evaluation assets - expenditures		(91,807)		-
Cash used in investing activities		(91,807)		-
FINANCING ACTIVITIES				
Shares issued for cash		148,000		59,000
Deferred financing costs		(42,242)		-
Cash provided by financing activities		105,758		59,000
Net change in cash		(36,775)		57,939
Cash, beginning of year		57,939		-
Cash, end of year	$	21,164	$	57,939
SUPPLEMENTAL CASH FLOW INFORMATION				
Income taxes paid		-		-
Interest paid (received)		-		-
NON-CASH FINANCING ACTIVITIES				
Flow-through share premium liability		51,000		-

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

BLANTON RESOURCES CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021 AND FOR THE PERIOD FROM INCORPORATION ON DECEMBER 17, 2019 TO SEPTEMBER 30, 2020
(Expressed in Canadian dollars)

	Common shares				
	Number of shares	**Amount**	**Contributed surplus**	**Deficit**	**Total equity**
As at December 17, 2019	-	$ -	$ -	$ -	$ -
Incorporation share issued	1	-	-	-	-
Founders' shares issued	3,000,000	15,000	45,000	-	60,000
Shares issued for cash	2,200,000	44,000	-	-	44,000
Net loss and comprehensive loss for the period	-	-	-	(65,636)	(65,636)
As at September 30, 2020	5,200,001	59,000	45,000	(65,636)	38,364
Shares issued for cash	4,850,000	97,000	-	-	97,000
Net loss and comprehensive loss for the year	-	-	-	(109,522)	(109,522)
As at September 30, 2021	10,050,001	$ 156,000	$ 45,000	$ (175,158)	$ 25,842

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Blanton Resources Corp. (the "Company") was incorporated on December 17, 2019 under the laws of British Columbia. The address of the Company's registered office is 704 - 595 Howe Street, Vancouver, British Colombia and its principal place of business is 200 – 551 Howe Street, Vancouver, British Columbia, Canada.

On December 22, 2021, the Company completed its initial public offering of 3,500,000 common shares at a price of $0.10 per share for total gross proceeds of $350,000. The Company's common shares were listed on the Canadian Securities Exchange ("CSE") effective December 21, 2021. The Company's common shares commenced trading on the CSE on December 23, 2021, under the symbol "BLNT". See also Note 13.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2021, the Company has not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

The Company had a deficit of $175,158 as at September 30, 2021, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying value is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these 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.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Approval of the Financial Statements

The financial statements of the Company for the year ended September 30, 2021 and the period from incorporation on December 17, 2019 to September 30, 2020 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on January 21, 2022.

2. BASIS OF PREPARATION *(continued)*

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 4. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional and presentation currency of the Company is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. Measurement of deferred income tax assets and liabilities: Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it's probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized; and

ii. Inputs used in accounting for share-based payments.

Significant accounting judgments

i. Carrying value of exploration and evaluation assets: The recoverability of the exploration and evaluation assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof. At each reporting date, the Company reviews the carrying amounts of its exploration and evaluation assets to determine whether there is an indication of impairment. The Company did not identify any indications of impairment as of September 30, 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As at September 30, 2021 and 2020, the Company held no cash equivalents.

b) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

c) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Basic and diluted loss per share excludes all of the Company's common shares from the weighted average shares calculation that are contingently returnable.

d) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based compensation reserve over the vesting period. Consideration paid for the shares along with the fair value recorded in share-based compensation reserve on the exercise of stock options is credited to capital stock. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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

f) Financial Instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income (“FVOCI”); and

iii. Fair value through profit and loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Financial Instruments (continued)

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable and accrued liabilities at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) Exploration and evaluation assets

Pre-exploration costs or property investigation costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

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

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

Exploration and evaluation expenditures are classified as intangible assets.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Flow-through shares

Resource expenditure deductions for income tax purposes may be renounced to investors in accordance with income tax legislation for flow-through share arrangements. On issuance of flow-through common shares, the Company bifurcates the flow-through share proceeds into: (i) share capital, for the fair value of common shares without a flow-through feature (based on quoted trading prices), and (ii) a flow-through share premium liability, for the amount investors pay for the flow-through feature (in excess of the quoted trading price of the common shares). As resource expenditures are incurred, the Company derecognizes the liability and recognizes other income.

Proceeds from the issuance of flow-through shares are restricted, to be used only for Canadian resource expenditures, and must be incurred within a two-year period before a 10% penalty tax applies on any unspent amount that has been renounced.

j) Adoption of new accounting standards, interpretations and amendments

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. EXPLORATION AND EVALUATION ASSET

Isla property option

On November 8, 2020, and amended on February 9, 2021, the Company (the "Optionee") entered into a Purchase Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Optionee has an option to acquire 100% interest in six mineral claims known as Isla Claims located in British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor has granted the Optionee the option to acquire all rights, title and interest in the Claims. In addition, the Claims are subject to a Net Smelter Return Royalty of 1.5% which can be purchased at any time for $1,500,000 by the Optionee.

Under the Agreement, the Optionee will make cash payments totaling $40,000 as follows:

a. make a cash payment of $5,000 upon execution and delivery of this agreement (paid);
b. make a further cash payment of $5,000 on the date upon which the common shares are listed on a stock exchange in Canada (subsequently paid); and
c. make a further cash payment of $30,000 within 18 months of listing on a stock exchange in Canada.

		Isla Property
Balance, September 30, 2020	$	-
Acquisition costs		5,000
Exploration costs:		
Reports, maps, and data processing		17,337
Labour and survey sampling		29,750
Project preparation, meals, accommodations, and fuel		38,470
Administration		1,250
Balance, September 30, 2021	$	91,807

6. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow shares:

As at September 30, 2021 and 2020, there were no common shares held in escrow. See Note 13 for shares placed into escrow subsequent to the year ended September 30, 2021.

c) Issued and outstanding as at September 30, 2021: 10,050,001 common shares

During the year ended September 30, 2021, the Company had the following transactions:

On November 5, 2020, the Company issued 650,000 flow-through common shares at a price of $0.02 per share for total proceeds of $13,000.

On March 31, 2021, the Company issued 900,000 common shares at a price of $0.02 per share for total proceeds of $18,000.

On March 31, 2021, the Company issued 1,250,000 flow-through common shares at a price of $0.05 per share for total proceeds of $62,500. A flow-through share premium liability of $37,500 was recognized on issuance.

On April 30, 2021, the Company issued 1,600,000 common shares at a price of $0.02 per share for total proceeds of $32,000.

On April 30, 2021, the Company issued 450,000 flow-through common shares at a price of $0.05 per share for total proceeds of $22,500. A flow-through share premium liability of $13,500 was recognized on issuance.

During the period ended September 30, 2020, the Company had the following transactions:

On December 17, 2019, the Company issued a common share for incorporation.

On January 6, 2020, the Company issued 3,000,000 flow-through common shares at a price of $0.005 per share for gross proceeds of $15,000 to the founders. The founder shares had a fair value of $50,000 and as a result, the Company recorded share-based compensation of $45,000 and a corresponding increase to contributed surplus.

On January 6, 2020, the Company issued 2,200,000 flow-through common shares at a price of $0.02 per share for gross proceeds of $44,000.

(Expressed in Canadian dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management personnel includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The Company had incurred the following key management personnel costs from related parties:

		2021		2020
Management fees	$	30,000	$	10,000
Share-based compensation		-		15,000
	$	30,000	$	25,000

During the year ended September 30, 2021, the Company accrued management fees of $30,000 (2020 - $10,000) to a company controlled by the CEO and director of the Company.

During the period ended September 30, 2020, 1,000,000 of the flow through shares issued to the founders (Note 6) were issued to the CEO. Share-based compensation of $15,000 was recognized on issuance of these shares.

As at September 30, 2021, accounts payable includes and accrued liabilities include management fees of $23,625 (2020 - $10,000) owing to the CEO. Amounts included in accounts payable and accrued liabilities are non-interest bearing and have no repayment terms.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the Company's principal business activities which include the acquisition and exploration of mineral property assets. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of shareholders' equity of $25,842 (2020 - $38,364). As at September 30, 2021, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

IFRS 13, Fair value measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Company's cash is classified as Level 1.

The carrying value of accounts payable and accrued liabilities approximates their fair values due to the relatively short periods of maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (*continued*)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to foreign exchange rate fluctuations is minimal. The Company does not have any foreign currency denominated monetary liabilities.

Interest Rate Risk

Interest rate risk consists of two components; to the extent that payments are made or received on the Company's monetary assets or liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that the prevailing market interest rates differ from the interest rate on the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk The Company is exposed to interest rate risk on the variable rate of interest earned on cash held with financial institutions. The fair value interest rate risk on cash is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not exposed to significant price risk.

(Expressed in Canadian dollars)

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2021	2020
(Loss) for the year	$ (109,522)	$ (65,636)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	$ (30,000)	$ (18,000)
Permanent differences	-	12,000
Impact of flow-through shares	24,000	-
Change in deferred tax assets not recognized	6,000	6,000
Deferred income tax recovery	$ -	$ -

Significant components of the Company's deferred income tax assets are shown below:

	2021	2020
Exploration and evaluation assets	$ (23,000)	$ 6,000
Non-capital loss carry forwards	35,000	-
	12,000	6,000
Deferred tax assets not recognized	(12,000)	(6,000)
	$ -	$ -

The Company has non-capital loss carry forwards of $130,000 (2020 - $20,000), which may be carried forward to apply against any future year income tax for Canadian Income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry date	Amount
2040	$ 20,000
2041	110,000
	$ 130,000

As discussed in Note 6, during the period ended September 30, 2020, the Company issued 5,200,000 common shares on a flow-through basis for gross proceeds of $59,000, and during the year ended September 30, 2021, the Company issued 2,350,000 common shares on a flow-through basis for gross proceeds of $98,000. The underlying flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's mining properties.

11. COMMITMENTS

The Company is committed to certain cash payments as described in Note 5.

Under the terms of the flow-through share private placements (Note 6), the Company must incur $157,000 of Canadian Exploration Expenditures and renounce them to the shareholders of the Company. As of September 30, 2021, the Company has incurred $86,807 of exploration costs. As a result of the expenditures incurred during the year, the flow-through share premium liability was reduced by $8,284 and a corresponding amount was recognized as other income in profit or loss.

12. SEGMENT REPORTING

The Company operates in a single reportable segment being the acquisition and exploration of mineral property assets in Canada.

13. SUBSEQUENT EVENTS

On December 22, 2021, the Company completed its initial public offering ("IPO") of 3,500,000 common shares at a price of $0.10 per share for total gross proceeds ("Proceeds") of $350,000.

Pursuant to the agency agreement dated November 17, 2021, Canaccord Genuity Corp. acted as agent (the "Agent") for the IPO. The Company paid to the Agent a cash commission equal to 10% of the Proceeds and granted the Agent and its sub agents non-transferable warrants entitling the Agent and its sub agents to purchase a total of 350,000 common shares at a price of $0.10 per common share until December 22, 2026. In connection with the IPO, the Agent also received a corporate finance fee. As at September 30, 2021, the Company paid $20,000 to the Agent as a retainer and incurred an additional $22,242 in professional fees related to the IPO. These amounts are recorded on the statement of financial position as deferred financing costs.

Pursuant to the escrow agreement dated November 17, 2021, the Company deposited 3,800,001 common shares with the Escrow Agent to be held in escrow and released over a period of 36 months.