# ROCK EDGE RESOURCES LTD.

## FINANCIAL STATEMENTS

## FOR THE YEARS ENDED APRIL 30, 2022 AND 2021

## (EXPRESSED IN CANADIAN DOLLARS)

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Rock Edge Resources Ltd.:

***Opinion***

We have audited the financial statements of Rock Edge Resources Ltd. (the "Company"), which comprise the statement of financial position as at April 30, 2022, 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 April 30, 2022, 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 year ended April 30, 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 14, 2022.

***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.
August 26, 2022

**ROCK EDGE RESOURCES LTD.**
**STATEMENTS OF FINANCIAL POSITION**
**AS AT APRIL 30,**
(Expressed in Canadian dollars)

| | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash | $ 211,920 | $ 69,265 |
| Amounts receivable | 11,199 | 8,003 |
| Deferred financing costs | - | 10,000 |
| | 223,119 | 87,268 |
| EXPLORATION AND EVALUATION ASSET (*Note 4*) | 157,913 | 137,553 |
| | **$ 381,032** | **$ 224,821** |
| **LIABILITIES** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities *(Note 6)* | $ 100,340 | $ 31,069 |
| **SHAREHOLDERS' EQUITY** | | |
| SHARE CAPITAL (*Note 5*) | 465,464 | 247,201 |
| SHARE-BASED PAYMENTS RESERVE (*Note 5*) | 65,501 | 54,181 |
| DEFICIT | (250,273) | (107,630) |
| | 280,692 | 193,752 |
| | **$ 381,032** | **$ 224,821** |

NATURE OF BUSINESS AND CONTINUING OPERATIONS (*Note 1*)

Approved on behalf of the Board:

*"Gary Musil"*
Director

*"Charles Desjardins"*
Director

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

**ROCK EDGE RESOURCES LTD.**
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**FOR THE YEARS ENDED APRIL 30,**
(Expressed in Canadian dollars)

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Consulting fees | $ | 2,500 | $ | - |
| Incorporation costs | | - | | 1,927 |
| Interest and bank charges | | 258 | | 105 |
| Filing and transfer agent fees | | 26,024 | | - |
| Management fees *(Note 6)* | | 27,500 | | 33,425 |
| Office | | 4,673 | | 291 |
| Professional fees *(Note 6)* | | 81,688 | | 17,701 |
| Share-based compensation *(Notes 5 and 6)* | | - | | 54,181 |
| **NET LOSS AND COMPREHENSIVE LOSS** | **$** | **(142,643)** | **$** | **(107,630)** |
| **LOSS PER SHARE – BASIC AND DILUTED** | **$** | **(0.01)** | **$** | **(0.02)** |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED** | | **9,960,275** | | **5,337,639** |

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

**ROCK EDGE RESOURCES LTD.**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED APRIL 30,**
(Expressed in Canadian dollars)

| | | 2022 | | 2021 |
|---|---|---|---|---|
| OPERATING ACTIVITIES | | | | |
| Net loss for the year | $ | (142,643) | $ | (107,630) |
| Item not involving cash: | | | | |
| Share-based compensation | | - | | 54,181 |
| | | (142,643) | | (53,449) |
| Changes in non-cash working capital balances: | | | | |
| Amounts receivable | | (3,196) | | (8,002) |
| Deferred financing costs | | 10,000 | | (10,000) |
| Accounts payable and accrued liabilities | | 69,271 | | 31,069 |
| Cash used in operating activities | | (66,568) | | (40,382) |
| INVESTING ACTIVITY | | | | |
| Exploration and evaluation asset | | (10,360) | | (137,553) |
| FINANCING ACTIVITIES | | | | |
| Shares issued for cash | | 370,000 | | 254,000 |
| Share issuance costs | | (170,417) | | (6,800) |
| Exercise of options | | 20,000 | | - |
| Cash provided by financing activities | | 219,583 | | 247,200 |
| CHANGE IN CASH | | 142,655 | | 69,265 |
| CASH, BEGINNING OF YEAR | | 69,265 | | - |
| CASH, END OF YEAR | $ | 211,920 | $ | 69,265 |
| SUPPLEMENTAL CASH FLOW DISCLOSURES | | | | |
| Interest paid | $ | - | $ | - |
| Income taxes paid | $ | - | $ | - |
| NON-CASH INVESTING ACTIVITY | | | | |
| Shares issued for exploration and evaluation asset | $ | 10,000 | $ | - |
| NON-CASH FINANCING ACTIVITIES | | | | |
| Fair value of compensation warrants | $ | 26,800 | $ | - |
| Fair value of options exercised | $ | 15,480 | $ | - |

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

**ROCK EDGE RESOURCES LTD.**
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**
**FOR THE YEARS ENDED APRIL 30, 2022 AND 2021**
(Expressed in Canadian dollars)

| | Common shares | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | | Amount | | Share-based payments reserve | | Deficit | | Total equity |
| **As at April 30, 2020** | 1 | $ | 1 | $ | - | $ | - | $ | 1 |
| Private placements | 9,700,000 | | 254,000 | | 30,000 | | - | | 284,000 |
| Share issuance costs | - | | (6,800) | | - | | - | | (6,800) |
| Share-based compensation | - | | - | | 24,181 | | - | | 24,181 |
| Net loss and comprehensive loss | - | | - | | - | | (107,630) | | (107,630) |
| **As at April 30, 2021** | 9,700,001 | | 247,201 | | 54,181 | | (107,630) | | 193,752 |
| Initial public offering | 3,700,000 | | 370,000 | | - | | - | | 370,000 |
| Share issuance costs | - | | (197,217) | | 26,800 | | - | | (170,417) |
| Exercise of options | 200,000 | | 35,480 | | (15,480) | | - | | 20,000 |
| Shares issued for exploration and evaluation asset | 100,000 | | 10,000 | | - | | - | | 10,000 |
| Net loss and comprehensive loss | - | | - | | - | | (142,643) | | (142,643) |
| **As at April 30, 2022** | **13,700,001** | **$** | **465,464** | **$** | **65,501** | **$** | **(250,273)** | **$** | **280,692** |

## 1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Rock Edge Resources Ltd. was incorporated on January 10, 2020 under the laws of British Columbia. The address of the Company's corporate office and principal place of business is Suite 1240 -789 West Pender Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at April 30, 2022, the Company has not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of the amount 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 $250,273 as at April 30, 2022 (2021 - $107,630), 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. The outcome of these matters cannot be predicted at this time and there is a material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

## 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") and interpretations of the IFRS Interpretations Committee ("IFRIC").

### Approval of the Financial Statements

The financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on August 26, 2022.

### Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3.

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

3. 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 of April 30, 2022 and 2021, the Company held no cash equivalents.

b) 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. the inputs used in accounting for share-based payments (Note 5).

*Significant accounting judgments*

i. in assessing the probability of realizing potential income tax assets, management makes judgments related to expectations of future taxable income, applicable tax planning 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; and

ii. the assessment of the potential impairment of the carrying value and recoverability of the exploration and evaluation asset included in the statements of financial position is based on management's best judgment of the prospect.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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.

d) 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.

e) 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 issue 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.

f) Share-based payments

The fair value of equity settled stock options awarded to employees defined under IFRS 2 Share-based payment (i.e. employees for legal and tax purpose, directors and certain consultants), determined as of the date of grant, and warrants issued to non-employees defined under IFRS 2, are recognized as share-based payments in profit or loss or as share issuance costs, respectively, over the vesting period of the instrument based on the estimated number of instruments expected to vest, with a corresponding increase to equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

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; (ii) FVOCI; or (iii) 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 or FVOCI.

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.

h) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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.

j) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

4. EXPLORATION AND EVALUATION ASSET

| | Acquisition Costs | Exploration Costs | Total |
|---|---|---|---|
| **Balance at April 30, 2020** | $ - | $ - | $ - |
| Additions: | | | |
| Cash | 5,000 | - | 5,000 |
| Assaying | | 9,847 | 9,847 |
| Equipment rental | - | 2,355 | 2,355 |
| Fuel, shipping and supplies | - | 998 | 998 |
| Geological consulting | - | 13,970 | 13,970 |
| Labour | - | 55,700 | 55,700 |
| Management fee | - | 7,960 | 7,960 |
| Meals and accommodation | - | 17,600 | 17,600 |
| Transportation | - | 8,588 | 8,588 |
| Permitting | - | 15,535 | 15,535 |
| **Balance at April 30, 2021** | 5,000 | 132,553 | 137,553 |
| Issuance of shares | 10,000 | - | 10,000 |
| Recovery | - | (1,500) | (1,500) |
| Geological consulting | - | 11,860 | 11,860 |
| **Balance at April 30, 2022** | $ 15,000 | $ 142,913 | $ 157,913 |

**Stockwork Property**

On September 23, 2020, the Company entered into an agreement to acquire a 100% undivided interest subject to the net smelter returns (“NSR”) of 3% in the Stockwork Project near Vernon, British Columbia in the Vernon Mining Division.

The Company is required to issue a total of 600,000 common shares, make cash payments totaling $160,000, and incur an aggregate of $500,000 in exploration expenditures on the property as follows:

| | Common Shares | Cash | Exploration Expenditures |
|---|---|---|---|
| | **#** | **$** | **$** |
| Upon signing the Option agreement (**paid**) | - | 5,000 | - |
| Upon listing of the Company's Common Shares on a Canadian Stock Exchange (the "Listing") **(issued, paid subsequent to year end)** | 100,000 | 5,000 | - |
| On or before April 6, 2023 | 100,000 | 20,000 | 100,000 |
| On or before April 6, 2024 | 100,000 | 30,000 | 100,000 |
| On or before April 6, 2025 | 300,000 | 100,000 | 300,000 |
| Total | 600,000 | 160,000 | 500,000 |

The Company has the right to purchase 1% of the NSR for $750,000 and the remaining 2% for $1,000,000.

5. SHARE CAPITAL

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

b) Issued and outstanding as at April 30, 2022: 13,700,001 common shares

During the year ended April 30, 2022, the Company:

i) completed its initial public offering ("IPO") and issued 3,700,000 common shares at a price of $0.10 per share for gross proceeds of $370,000 and paid share issuance costs of $170,417. The Company also issued Research Capital Corporation, who acted as an agent for the IPO, an aggregate of 370,000 compensation warrants valued at $26,800 which entitle the holder thereof to purchase one share at a price of $0.10 per share, exercisable on or before April 6, 2024.

ii) issued 200,000 common shares pursuant to the exercise of options at $0.10 per option for gross proceeds of $20,000. Accordingly, the Company reallocated $15,480 of share-based payments reserve to share capital.

iii) issued 100,000 common shares with a value of $10,000 pursuant to the acquisition for the Stockwork property (Note 4).

During the year ended April 30, 2021, the Company:

i) issued 2,000,000 common shares at a price of $0.005 per share for gross proceeds of $10,000. The fair value of the shares issued was $40,000 and as a result, the Company recorded share-based compensation of $30,000 and a corresponding increase to share-based payments reserve. The Company paid share issuance costs of $6,800.

ii) issued 4,500,000 flow-through common shares at a price of $0.02 per share for gross proceeds of $90,000. The Company also issued 200,000 non flow-through common shares at a price of $0.02 per share for gross proceeds of $4,000 on the same date.

iii) completed a private placement for 3,000,000 common shares at a price of $0.05 per share for gross proceeds of $150,000.

c) Stock Options

The Company has an incentive stock option plan (the "Plan") pursuant to which the Board may, from time to time, grant options to directors, officers, employees and consultants of the Company. The number of common shares granted under each option and the vesting terms thereof are at the discretion of the Board after discussion with management. Options granted under the Plan must have a term of no more than ten years from the date of grant. The exercise price of each option granted under the Plan is at the discretion of the Board, provided that the exercise price cannot be below the closing price of the common shares on the last trading day before the date of grant. The number of common shares that may be optioned under the Plan is limited to 10% of the outstanding common shares from time to time; provided, that any one participant under the Plan shall not be entitled to receive options to acquire an aggregate of greater than 5% (2% in the case of consultants and 1% in the case of those providing investor relations services) of the outstanding common shares in any 12-month period.

On March 30, 2021, the Company granted 700,000 stock options to directors and officers of the Company. The stock options vested on the grant date and are exercisable at $0.10 per share until March 30, 2024. The fair value of the options was $24,181.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (*continued*)

c) Stock Options (continued)

A continuity of the stock options is as follows:

| | Number of Stock Options | Weighted average exercise price |
|---|---|---|
| Outstanding, April 30, 2020 | - | $ - |
| Granted | 700,000 | 0.10 |
| Outstanding, April 30, 2021 | 700,000 | 0.10 |
| Exercised | (200,000) | 0.10 |
| Outstanding, April 30, 2022 | 500,000 | $ 0.10 |

Details of options outstanding as at April 30, 2022 are as follows:

| Number of Options | Exercise Price | Expiry Date | Exercisable | Contractual Life |
|---|---|---|---|---|
| 500,000 | $0.10 | March 30, 2024 | 500,000 | 1.92 years |
| 500,000 | | | 500,000 | |

The fair value of the stock options granted during the year ended April 30, 2022 was $Nil (2021 - $24,181) using the Black-Scholes pricing model. The inputs used in the Black-Scholes calculation for the stock options are as follows:

| | 2022 | 2021 |
|---|---|---|
| Share price | - | $ 0.05 |
| Risk-free interest rate | - | 0.50% |
| Expected life | - | 3 years |
| Dividend Rate | - | 0.00% |
| Annualized volatility | - | 140.00% |

d) Warrants

On April 6, 2022, the Company issued 370,000 warrants to Research Capital Corporation who acted as an agent for the Company in completion of its initial public offering. The warrants vested on the grant date and are exercisable at $0.10 per share until April 6, 2024.

A continuity of the warrants is as follows:

| | Number of Warrants | Weighted average exercise price |
|---|---|---|
| Outstanding, April 30, 2020 and 2021 | - | $ - |
| Issued | 370,000 | 0.10 |
| Outstanding, April 30, 2022 | 370,000 | $0.10 |

(Expressed in Canadian dollars)

5. SHARE CAPITAL (*continued*)

d) Warrants (continued)

Details of warrants outstanding as at April 30, 2022 are as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 370,000 | $0.10 | April 6, 2024 |
| 370,000 | | |

The fair value of the warrants issued during the year ended April 30, 2022 was $26,800 (2021 - $Nil) using the Black-Scholes pricing model. The inputs used in the Black-Scholes calculation for the stock options are as follows:

| | 2022 | 2021 |
|---|---|---|
| Share price | $ 0.10 | - |
| Risk-free interest rate | 2.28% | - |
| Expected life | 2 years | - |
| Dividend Rate | 0.00% | - |
| Annualized volatility | 152% | - |

e) Shares held in escrow

2,000,001 common shares issued on September 22, 2020 are subject to escrow provisions. As at April 30, 2022, 1,890,000 common shares remain in escrow. The remaining shares held in escrow will be released over a period of 36 months.

6. RELATED PARTY BALANCES AND KEY MANAGEMENT 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 includes directors and key officers of the Company, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

The Company incurred the following key management personnel costs during the year ended April 30, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| Management fees (Company controlled by CEO) | $ 27,500 | $ 18,750 |
| Management fees (Company controlled by former CFO) | - | 6,800 |
| Professional fees (Company controlled by former CFO) | 26,677 | - |
| Share-based compensation | - | 24,181 |
| Total | $ 54,177 | $ 49,731 |

As at April 30, 2022, included in the accounts payable and accrued liabilities balance is a total of $43,275 (2021 - $27,301) owed to related parties.

(Expressed in Canadian dollars)

7. MANAGEMENT OF CAPITAL

The Company's capital structure consists of equity. As at April 30, 2022, the Company had capital of $280,692. 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.

The Company's strategy for managing capital did not change during the year ended April 30, 2022.

8. 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 fair value 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 Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities approximates its fair value due to the relatively short period of maturity of the instrument.

Assets measured at fair value on a recurring basis presented on the Company's statements of financial position as at April 30, 2022 were as follows:

| | | Fair value measurement using | | |
|---|---|---|---|---|
| | Carrying amount | Level 1 | Level 2 | Level 3 |
| Cash | $ 211,920 | $ 211,920 | $ - | $ - |

**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 these risks are mitigated are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

*Credit Risk*

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations. 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 an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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.

*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.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term.

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

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 exchange rate fluctuations is minimal.

*Price risk*

Other 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, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to material price risk at April 30, 2022.

(Expressed in Canadian dollars)

## 9. 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:

| | **2022** | **2021** |
|---|---|---|
| Canadian statutory income tax rate | 27% | 27% |
| Income tax recovery at statutory rate | $ (39,000) | $ (29,060) |
| Flow-through shares renunciation | - | 24,240 |
| Share issuance costs | (53,000) | - |
| Other | (1,000) | 14,689 |
| Change in estimate | (1,000) | - |
| Change in deferred tax assets not recognized | 94,000 | (9,869) |
| Income tax recovery | $ - | $ - |

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

| | **2022** | **2021** |
|---|---|---|
| Non-capital loss carry forwards | $ 64,000 | $ 14,431 |
| Share issuance costs | 44,000 | - |
| Resource pools | (24,000) | (24,300) |
| Subtotal | 84,000 | (9,869) |
| Unrecognized deferred tax assets and other differences | (84,000) | 9,869 |
| | $ - | $ - |

As at April 30, 2021, the Company had approximately $237,000 in non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses expire as follows:

| | |
|---|---|
| 2041 | 53,500 |
| 2042 | 183,500 |
| | 237,000 |