ASHLEY GOLD CORP.

FINANCIAL STATEMENTS

For the Year ended December 31, 2021 and

from Inception on July 15, 2020 to December 31,2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholder of Ashley Gold Corp.:

Opinion

We have audited the financial statements of Ashley Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2021 and for the period from inception to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and for the period from inception to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 indicates that the Company incurred a net loss during the year ended December 31, 2021 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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 Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Jenny Lee.

MNP LLP

Vancouver, British Columbia

April 20, 2022

Chartered Professional Accountants

MNP LLP

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

As at	December 31, 2021	December 31, 2020
Assets	$	$
Current assets		
Cash	93,753	1,992
HST/GST receivable	18,609	10,907
Due from related parties (Note 6)	28,551	5,200
	140,913	18,099
Deferred share issuance cost (Note 10)	33,375	-
Exploration and evaluation assets (Note 4)	299,796	179,456
Total Assets	474,084	197,555
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	34,663	42,503
Due to related party (Note 6)	-	167,547
	34,663	210,050
Shareholders' equity (deficit)		
Share capital (Note 5b)	559,103	1
Stock compensation reserves (Note 5d)	107,588	-
Deficit	(227,270)	(12,496)
Total shareholders' equity (deficit)	439,421	(12,495)
Total liabilities and shareholders' equity	474,084	197,555

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 10)

On behalf of the Board of Directors:

Director (signed by) "Fred Jones"

Director (signed by) "Darcy Christian"

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

ASHLEY GOLD CORP.
Statement of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2021	Since inception on July 15, 2020 to December 31, 2020
	$	$
Expenses		
Bank charges	771	23
Consulting fees	12,391	-
Marketing expenses	8,901	-
Office and administration	3,006	315
Professional fees	63,315	12,158
Stock based payment (Note 5d)	107,588	-
Stock transfer agent & filing fees	18,835	-
	(214,807)	(12,496)
Other income		
Interest income	33	-
Total other income	33	-
Net loss and comprehensive loss	(214,774)	(12,496)
Loss per common shares – basic and diluted	(0.04)	(124.96)
Weighted average number of common shares outstanding – basic and diluted	5,416,243	100

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

ASHLEY GOLD
Statement of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Stock Compensation Reserves	Accumulated Deficit	Total
		$	$	$	$
Opening Balance at July 15, 2020	-	-	-	-	-
Issuance of seed capital	100	1	-	-	1
Net loss for the period	-	-	-	(12,496)	(12,496)
Balance at December 31, 2020	100	1	-	(12,496)	(12,495)
Share issuance for cash $0.005	1,750,000	8,750	-	-	8,750
Share issuance for cash $0.02	550,000	11,000	-	-	11,000
Debts settlement for share issuance at $0.05	3,703,525	185,176	-	-	185,176
Share issuance for cash $0.10	3,819,750	381,975	-	-	381,975
Share issuance cost	-	(27,799)	-	-	(27,799)
Share compensation reserves	-	-	107,588	-	107,588
Net loss for the year	-	-	-	(214,774)	(214,774)
Balance at December 31, 2021	9,823,375	559,103	107,588	(227,270)	439,421

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

ASHLEY GOLD CORP.
Statement of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended December 31, 2021	Since inception on July 15, 2020 to December 31, 2020
	$	$
Cash flows used in Operating Activities		
Net loss for the period	(214,774)	(12,496)
Adjustment for items not involving cash:		
Stock based payment	107,588	-
Changes in non-cash operating working capital:		
Increase in HST/GST receivable	(7,702)	(10,907)
(Decrease) increase in accounts payable and accrued liabilities	(7,840)	12,503
Net cash used in operating activities	**(122,728)**	**(10,900)**
Cash flows used in Investing Activities		
Acquisitions of exploration and evaluation assets	(120,340)	(124,456)
Net cash used in investing activities	**(120,340)**	**(124,456)**
Cash flows from financing activities		
Net proceeds from share issuances	373,926	1
Deferred share issuance costs	(33,375)	-
Proceeds from (to) related parties	(5,722)	137,347
Net cash provided by financing activities	**334,829**	**137,348**
Increase in cash during the period	91,761	1,992
Cash, beginning of period	1,992	-
Cash, end of period	**93,753**	**1,992**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Ashley Gold Corp. ("Ashley" or the "Company") was incorporated under the Business Corporations Act (*Alberta*) on July 15, 2020. The Company's registered office is at Suite 1150, 707 – 7th Avenue SW, Calgary, Alberta, T2P 3H6 and operating office is at 820 – 1130 West Pender Street, Vancouver, BC, V6E 4A4.

On October 27, 2021, the Company filed a preliminary prospectus with the British Columbia, Alberta, and Ontario Securities Commissions relating to an offering of 4,000,000 units (the "Units") at a price of $0.25 per Unit (the "Offering"), with each Unit consisting of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant ("Warrant"). Each Warrant shall entitle the holder thereof to acquire one Common Share in the capital of the Company at an exercise price of $0.25 for a period of 18 months from Closing, subject to acceleration in certain circumstances. On March 30, 2022, the Company filed the amended and restated prospectus to change its offering to 7,000,000 units (the "Units") at a price of $0.10 per Unit (Note 10).

The Company's principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal of divesting its investment assets at a profit. Ashley's mandate is to acquire in mining natural resource opportunities, primarily in the Americas and in metal deliveries. As at December 31, 2021, the Company has not yet achieve profitable operations and has accumulated deficit of $227, 270. For year ended December 31, 2021, the company incurred $214,774 net loss.

These financial statements have been prepared on the assumption that the Company will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company be successful in acquiring or divesting investment assets. The Company's ability to continue operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet the Company's liabilities and commitments as they become due and the ability to identify and finance additional investments, generate future returns on investments, and achieve future profitable operations or obtain sufficient proceeds from the disposition of its investments. The outcome of these matters cannot be predicted at this time. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Since February 2020, the coronavirus ("COVID-19") has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's investments. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. As of December 31, 2021, the Company has an accumulated deficit and expects to incur further loss in the development of its business. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements were authorized for issue by the Board of Directors of the Company on April 20, 2022.

2. BASIS OF PRESENTATION

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these financial statements are presented in Canadian dollars which is the functional currency of the Company and all values are rounded to the nearest dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust, deposits in banks and highly liquid investments with an original maturity of three months or less. As at December 31, 2021, there were no cash equivalents and cash comprises of cash held in trust.

b) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a right to explore an area has been obtained, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs, related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

c) Financial Instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

- Financial assets at amortized cost
  Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

- Financial assets at fair value through other comprehensive income ("FVTOCI")
  Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.

- Financial assets at fair value through profit or loss ("FVTPL")
  Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

- Financial liabilities at fair value through profit or loss ("FVTPL")
  This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

- Financial liabilities at amortized cost
  Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost using effective interest method.

The following table summarizes the classification of the Company's financial instruments:

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Financial Instruments (Cont'd)

	IFRS 9 Classification
Financial Assets	
Cash	Amortized cost
Due from related parties	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest income is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss. Financial liabilities measured at amortized cost are comprised of accounts payable and accrued liabilities and due to related parties.

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

e) Share Based Payments

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees are determined based on the fair value of the goods/services received or fair value of the share-based payment measured at the date on which the Company obtains such goods/services. Compensation expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest.

f) Income Taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

g) Loss per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Comprehensive Income (Loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholder. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires be recognizing in a period, but excluding from net income for that period. The Company has no other comprehensive income during the year ended December 31, 2021 and from inception on July 15, 2020 to December 31, 2020.

i) Related Party 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. Parties are also considered to be related if they are subject to common control. 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.

j) Deferred Share Issuance Costs

Costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred.

k) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgment is used mainly in determining how a balance or transaction should be recognized in the carve-out financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

<u>Significant Estimates</u>

- Fair value calculation of share-based payments

The fair value of share-based payments in relation to the warrants and options granted is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life, rate of forfeiture of options granted, risk-free interest rate used and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

- Assessing whether deferred tax assets and liabilities are recognized in accordance with IAS 12, Income taxes.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant Judgments

- Impairment of exploration and evaluation assets (E&E assets)

  In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

  The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

  Management has assessed for impairment indicators for the Company's E&E assets and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective of developing the Ashley Property.

- Going Concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuring year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

l) New and Revised IFRS Issued but Not Effective

The new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Ashley Property Option Agreement:
On July 22, 2020, the Company entered into a property option agreement with David Lefort, Jacques Robert, 9640355 Canada Corp. and Randall Salo (together the "Vendors") where the Vendors granted Ashley the exclusive option to acquire 100% of the Ashley Property (the "Ashley Option") (the "Ashley Agreement").

The Ashley property consists of 115 claims totaling 1,759.6 hectares, located in the Hincks, Montrose, Bannockburn, Argyle Township in Ontario about 21 km WNW of Matachewan, in the Larder Lake Mining Division and registered with the Ontario Ministry of Energy, Northern Development and Mines (the "Ashley Property").

If the Company fails to complete a liquidity event within 18 months of the grant of the Ashley Agreement, the Agreement will become null and void. The Vendors would retain 100% interest in the Ashley Property. A liquidity event is defined as all or substantially all of the outstanding common shares of the Company is listed on a Designated Stock Exchange. Subsequent to year end, the Company entered into amended agreement of Ashley Agreement dated July 22, 2020 to extend the Liquidity Event to May 22, 2022 in consideration for payment of $40,000. (Note 10)

The Company is required to pay a quarterly-based royalty equals to 2% of Net Smelter Returns to the Vendors, once the Company is on commencement of commercial production.

(Expressed in Canadian Dollars - Audited)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

In consideration of the grant of the Ashley Option, Ashley must:

- Pay the Vendors $40,000 within 30 days of executing the Ashley Agreement (paid). An additional $30,000 will be paid if a liquidity event is not completed within 11 months of the date of the Ashley Agreement (paid);
- Issue the Vendors an aggregate of 250,000 common shares of the Pan Pacific Resource Investments Ltd. (issued);
- Complete a minimum of $100,000 of expenditures and obtain an independent technical report that meets the requirements of National Instrument 43-101 and that recommends further exploration on the Ashley Property within 12 months of execution of the Ashley Agreement (met);
- Pay the Vendors a royalty from any ores or minerals mined or extracted from the Ashley Property, including without limitations the approximately 100,000 tonnes of ore and 145,000 tonnes of tailings currently situated on the Ashley Property.

In order to maintain in force the Ashley Option, and to exercise the Ashley Option, Ashley must:

- Issue 300,000 common shares of Ashley and pay $100,000 to the Vendors upon completion of a liquidity event;
- Within 12 months of a liquidity event, issue 200,000 common shares of Ashley to the Vendors, pay $50,000 in cash to the Vendors, and pay a further $50,000 (either in cash, common shares or a combination thereof);
- Within 24 months of completion of a liquidity event, issue 250,000 common shares of Ashley to the Vendors, pay $200,000 in cash to the Vendors, and incur a minimum of $200,000 in property expenditures; and
- Within 36 months of completion of a liquidity event, issue 400,000 common shares of Ashley to the Vendors, pay $300,000 in cash to the Vendors, and incur a minimum of $330,000 in property expenditures.

Cost related to the Ashley Property can be summarized as follows:

	December 31, 2020	Additions	December 31, 2021
	$	$	$
Acquisition costs			
Shares	25,000	-	25,000
Cash	40,000	30,000	70,000
Accrued cash payment	30,000	(30,000)	-
	95,000	-	95,000
Exploration costs			
Geologist consulting and management	5,308	77,990	83,298
Lidar mapping	54,584	-	54,584
Exploration report	18,000	5,200	23,200
Travel and field expenses	3,113	17,230	20,343
Equipment expenses	1,004	16,351	17,355
Lab test	-	3,569	3,569
Structure constitution	2,447	-	2,447
	84,456	120,340	204,796
Balance	**179,456**	**120,340**	**299,796**

(Expressed in Canadian Dollars - Audited)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

	July 15, 2020	Additions	December 31, 2020
	$	$	$
Acquisition costs			
Shares	-	25,000	25,000
Cash	-	40,000	40,000
Accrued cash payment	-	30,000	30,000
	-	95,000	95,000
Exploration costs			
Lidar mapping	-	54,584	54,584
Exploration report	-	18,000	18,000
Geologist consulting	-	5,308	5,308
Travel and field expenses	-	3,113	3,113
Structure constitution	-	2,447	2,447
Equipment expenses	-	1,004	1,004
	-	84,456	84,456
Balance	**-**	**179,456**	**179,456**

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares with no par value
Unlimited number of preferred shares

b) Shares issued and outstanding as of December 31, 2021: 9,823,375 common shares and no preferred shares.

On July 15, 2020, the Company issued 100 common shares of the Company at a price of $0.01 per share to Pan Pacific Investment Resource Ltd. ("Pan Pacific"), for aggregate gross proceeds of $1 through seed share issuances.

On June 1, 2021, the Company closed a private placement and issued 1,750,000 common shares of the Company at a price of $0.005 per share for gross proceeds of $8,750.

On June 4, 2021, the Company issued 550,000 common shares of the Company at a price of $0.02 per share for gross proceeds of $11,000.

On June 8, 2021, the Company issued 3,703,525 common shares of the Company to settle the $185,176 loan payable owing to its parent company, Pan Pacific Resource Investments Ltd. ("Pan Pacific") at $0.05 per share. These shares were then issued to shareholders of Pan Pacific, be paid to the holders of the common shares of Pan Pacific through a dividend in sum of $92,588, being 50% of the total loan.

On June 24, 2021, the Company closed a non-brokered private placement and issued 3,819,750 common shares at a price of $0.10 per share for gross proceeds of $381,975. The net cash proceeds will be used for development of the Company's mineral property, and for general working capital. In connection with the offering, the Company paid 8% finder's fee in cash on a portion of the proceeds raised for a total of $27,798.

(Expressed in Canadian Dollars - Audited)

5. SHARE CAPITAL (Cont'd)

c) Escrow Shares

On September 20, 2021, the Company entered an escrow agreement (the "Agreement") between the Company, TSX Trust Company and the security holders. There were 4,940,249 common shares of the Company held in escrow. In the simplest case, where there are no changes to the escrow securities initially deposited and no additional escrow securities, then 10% of the escrowed securities shall be released on the listing date, the remaining 90% of the escrowed securities will be released from escrow in 15% tranches at six-month intervals over a 36 month period.

As at December 31, 2021, 4,940,249 (2020 – Nil) shares were held in escrow.

d) Stock options

On September 15, 2021, the Company granted incentive stock options to directors, officers and consultants of the Company to purchase an aggregate of 1,382,337 commons shares at an exercise price of $0.25 per option, pursuant to the Company's Incentive Stock Option Plan (the "Plan"). The options are vested immediately and exercisable at a period of five years from the date of grant until September 15, 2026.

Under the Black-Scholes, the fair value of the stock options granted during the period ended December 31, 2021 was estimated to be $0.08 per share by using the following assumptions at the measurement date: share price – $0.10; average risk free interest rate – 1.45%; expected life – 5 years; expected volatility – 128.93% and expected dividends – nil. During the year ended December 31, 2021, the Company recorded stock-based payment expenses of $107,588 (December 31, 2020 – Nil).

A summary of stock option activity as at December 31, 2021 is as follows:

	Number of options	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2020	-	-	-
Stock options granted	1,382,337	$ 0.25	4.71
Balance, September 30, 2021	1,382,337	$ 0.25	4.71

6. RELATED PARTY TRANSACTIONS

Key management personnel consist of the officers and directors of the Company and companies owned or controlled by the officers and directors of the Company.

As of December 31, 2021, the Company advanced an aggregate of $Nil (December 31, 2020 - $5,200) for exploration expenses paid to a former director of the Company. The term of the due from related party is unsecured, non-interest bearing and due on demand.

As of December 31, 2021, the Company advanced an aggregate of $28,551 (December 31, 2020 - payable of $167,547) to Pan Pacific Resource Investments Ltd. ("Pan Pacific"), a shareholder of the Company, $750 was inadvertently deposited directly to Pan Pacific for the share subscriptions to the private placement of the Company, $2,900 was related to a payment of exploration expenditures and $24,901 was for working capital of Pan Pacific. The term of the due from related party is unsecured, non-interest bearing and due on demand.

As of December 31, 2021, the Company granted incentive stock options to directors and a former director of the Company to purchase an aggregate of 1,107,000 commons shares at an exercise price of $0.25 per option, pursuant to the Company's Incentive Stock Option Plan (the "Plan"). The options are vested immediately and exercisable at a period of five years from the date of grant until September 15, 2026.

(Expressed in Canadian Dollars - Audited)

7. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the year ended December 31, 2021 and for the period from inception to December 31, 2020:

	2021 $	2020 $
Net loss before tax	(214,774)	(12,496)
Statutory tax rate	23.0%	23.0%
Expected income tax (recovery)	(49,398)	(2,874)
Non-deductible items	26,254	41
Share Issuance cost	(6,394)	-
Change in deferred tax asset not recognized	29,538	2,833
Total income tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets and liabilities at December 31, 2021 and 2020 are comprised of the following:

	2021 $	2020 $
Non-capital loss carryforwards	5,735	4,181
Exploration and evaluation assets	(5,735)	(4,181)
Net deferred tax assets (liabilities)	-	-

The unrecognized deductible temporary differences as at December 31, 2021 and 2020 are comprised of the following:

	2021 $	2020 $
Non-capital losses carryforwards	118,504	12,318
Share issuance costs	22,239	-
Total unrecognized deductible temporary differences	140,742	12,318

The Company has non-capital loss carryforwards of approximately $118,504 (2020 - $12,318) which may be carried forward to apply against future income for Canadian income for tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

EXPIRY	Total $
2039	-
2040	5,563
2041	112,941
TOTAL	118,504

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company will rely on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2021 and from inception on July 15, 2020 to December 31, 2020.

9. FINANCIAL INSTRUMENTS

a. Fair value

The fair value of the Company's cash, due from related party, due to related party and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchyare:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

For the year ended December 31, 2021 and from inception on July 15, 2020 to December 31, 2020, the fair value of cash was measured at fair value and classified as Level 1 financial instrument.

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

b. Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had cash of $93,753 (December 31, 2020 - $1,992) to settle the total current liabilities of $34,663 (December 31, 2020 - $210,050). As at December 31, 2021, the total working capital of the Company was $106,250 (December 31, 2020 – working capital deficiency of $191,951). The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements, by raising funds from private placements.

c. Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and due from related parties. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

9. FINANCIAL INSTRUMENTS (Cont'd)

d. Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

10. SUBSEQUENT EVENTS

On January 12, 2022 and later on March 18, 2022, the Company entered into a first and second amendment agreement, respectively, to extend the Liquidity Event by sixty (60) days to January 22, 2022 and May 22, 2022 , respectively as per the Ashley Agreement dated July 22, 2020. In consideration, the Company made a payment of $40,000 to the Property Owners, in accordance with the terms and conditions.

On March 30, 2022, the Company filed the amended and restated prospectus with the British Columbia, Alberta, and Ontario Securities Commissions relating to an offering of 7,000,000 units (the "Units") at a price of $0.10 per Unit (the "Offering"), with each Unit consisting of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant ("Warrant"). Each Warrant shall entitle the holder thereof to acquire one Common Share in the capital of the Company at an exercise price of $0.30 for a period of 18 months from Closing, subject to acceleration in certain circumstances.