ASHLEY GOLD CORP.

(Exploration Development Stage)

CONDENSED INTERIM FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

ASHLEY GOLD CORP.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	**June 30, 2022**	**December 31, 2021**
Assets	$	$
Current assets		
Cash	451,954	93,753
HST/GST receivable	14,026	18,609
Prepaid expenses and deposit	1,037	-
Due from related parties (Note 5)	-	28,551
	467,017	140,913
Deferred share issuance cost (Note 4b)	-	33,375
Exploration and evaluation assets (Note 3)	514,066	299,796
Total Assets	981,083	474,084
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued liabilities	49,549	34,663
Due to related party (Note 5)	20,474	-
	70,023	34,663
Shareholder's equity (deficit)		
Share capital (Note 4b)	996,399	559,103
Stock compensation reserves (Note 4d, 4e)	263,928	107,588
Deficit	(349,267)	(227,270)
Total shareholder's equity (deficit)	911,060	439,421
Total liabilities and shareholder's equity	981,083	474,084

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 8)

On behalf of the Board of Directors:

Director (signed by) "George Stephenson"

Director (signed by) "Darcy Christian"

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

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

	Three months ended June 30, 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30, 2021
	$		$	
Expense				
Bank charges	335	462	426	497
Marketing expenses	3,976	-	6,976	-
Management fees	12,000		12,000	
Office and administration	3,294	45	6,706	45
Professional fees	43,125	28,445	58,410	32,625
Stock transfer agent & filing fees	22,220	-	24,862	-
Travel expenses	9,835	-	12,617	-
Loss and comprehensive loss	(94,785)	(28,952)	(121,997)	(33,167)
Loss per common shares – basic and diluted	(0.01)	(0.02)	(0.01)	(0.04)
Weighted average number of common shares outstanding – basic and diluted	14,754,144	1,862,145	12,302,381	941,000

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ASHLEY GOLD CORP.
Condensed Interim Statement of Changes in Shareholder's Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital	Stock Compensation Reserves	Accumulated Deficit	Total
		$	$	$	$
Balance at December 31, 2020	100	1	-	(12,496)	(12,495)
Net loss for the period	-	-	-	(4,215)	(4,215)
Balance at March 31, 2021	100	1	-	(16,711)	(16,710)
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)
Net loss for the period	-	-	-	(28,952)	(28,95267)
Balance at June 30, 2021	**9,823,375**	**559,103**	**-**	**(45,663)**	**513,440**
Balance at December 31, 2021	9,823,375	559,103	107,588	(227,270)	439,421
Net loss for the period	-	-	-	(27,212)	(27,212)
Balance at March 31, 2022	**9,823,375**	**559,103**	**107,588**	**(254,482)**	**412,209**
Share issuance at $0.10	7,000,000	700,000	-	-	700,000
Share issuance for acquisition	300,000	30,000	-	-	30,000
Share purchase warrants		(124,654)	124,654	-	-
Share issuance cost	-	(168,050)	31,686	-	(136,364)
Net loss for the period	-	-	-	（94,785）	（94,785）
Balance at June 30, 2022	**17,123,375**	**996,399**	**263,928**	**(349,267)**	**911,060**

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

ASHLEY GOLD CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months ended June 30, 2022	Six Months ended June 30, 2021
	$	$
Cash flows used in Operating Activities		
Net loss for the period	(121,997)	(33,167)
Changes in non-cash operating working capital:		
(Increase) in HST/GST receivable	4,583	(6,090)
(Increase) in prepaid expense and security deposit	1,037	(5,410)
(Increase) in deferred share issuance cost	33,375	-
Increase in accounts payable and accrued liabilities	69,959	(4,396)
Increase in due to a related party	(8,122)	-
Net cash used in operating activities	**(21,165)**	**(49,063)**
Cash flows used in Investing Activities		
Acquisitions of exploration and evaluation assets	(184,270)	(26,476)
Net cash used in investing activities	**(184,270)**	**(26,476)**
Cash flows from financing activities		
Proceeds from share issuance	563,636	373,926
Advanced to related parties	-	(74,020)
Net cash provided by financing activities	**563,636**	**299,906**
Increase in cash during the period	358,201	224,367
Cash and cash equivalents, beginning of period	93,753	1,992
Cash and cash equivalents, end of period	**451,954**	**226,359**

The accompanying notes are an integral part of these condensed interim 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 April 29, 2022, the Company completed its initial public offering of 7,000,000 units ("Units"), at a price of $0.30 per unit, for gross proceeds of $700,000. Each unit consist of one common share in the capital of the Company and one common share purchase warrant of the Company at an exercise price of $0.30 for 18 months, expiry on October 29, 2023. For its services, the Agent received a corporate finance fee, a cash commission equal to 10% of the gross proceeds of the Offering, and Agent's Warrants to purchase 700,000 Units of the Corporation at an exercise price of $0.10 exercisable within 18 months from the listing date.

On May 2, 2022, the Common Shares of the Corporation were to commence trading on the Canadian Stock Exchange ("CSE") under the trading symbol "ASHL".

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 June 30, 2022, the Company has not yet achieved profitable operations and has accumulated deficit of $349,267. For three and six months ended June 30, 2022, the company incurred $94,785 and $121,997 net loss, respectively.

These condensed interim 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. These factors together raise substantial doubt about the Company's ability to continue as a going concern.

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 June 30, 2022, 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 condensed interim financial statements were authorized for issue by the Board of Directors of the Company on August 29, 2022.

2. BASIS OF PRESENTATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("ISA") 34 Interim Financial Reporting and they do not include all of the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

2. BASIS OF PRESENTATION (Cont'd)

Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these condensed interim financial statements should be read in conjunction with the Company's December 31, 2021 audited annual financial statements and the notes to such financial statements. These condensed interim 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.

Accounting standards issued but not yet adopted

The new standards or amendments issued but not yet effective are either not applicable or not expected to have a significant impact on the Company's condensed interim financial statements.

3. 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.

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.

The Company was 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.

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 during the period);
- 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:

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

- Issue 300,000 common shares of Ashley and pay $100,000 to the Vendors upon completion of a liquidity event (cash paid and shares issued);
- 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, 2021	**Additions**	**June 30, 2022**
	$	$	$
Acquisition costs			
Shares	25,000	30,000	55,000
Cash	70,000	140,000	210,000
	95,000	170,000	265,000
Exploration costs			
Geologist consulting	83,298	12,000	95,298
Exploration report	54,584	-	54,584
Lidar mapping	23,200	25,000	48,200
Travel and field expenses	20,343	-	20,343
Equipment expenses	17,355	7,270	24,625
Lab test	3,569	-	3,569
Structure constitution	2,447	-	2,447
	204,796	44,270	249,066
Balance	**299,796**	**214,270**	**514,066**

	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	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**

4. 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 June 30, 2022: 17,123,375 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 $27,799.

On April 29, 2022, the Company completed its initial public offering of 7,000,000 units ("Units"), at a price of $0.10 per unit, for gross proceeds of $700,000. Each unit consist of one common share in the capital of the Company and one common share purchase warrant of the Company at an exercise price of $0.30 exercisable within 18 months from the listing date, expired on October 29, 2023. For its services, the Agent received a corporate finance fee, a cash commission equal to 10% of the gross proceeds of the Offering, and Agent's Warrants to purchase 700,000 Units of the Corporation at an exercise price of $0.10 exercisable within 18 months from the listing date, expiry on Oct. 29, 2023. The Company also incurred $66,364 in related share issuance costs. Total proceeds of the offering were $600,174.

On May 12, 2022, Company issued 300,000 common shares of the Company at $0.10 per share and paid $100,000 cash to the vendors of Ashley Gold Property upon completion of a liquidity event such as trading on CSE per property option agreement dated July 22, 2020.

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 June 30, 2022, 4,446,224 (December 31, 2021 - 4,940,249) 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.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (Cont'd…)

Under the Black-Scholes, the fair value of the stock options granted was estimated to be $0.08 per share by using the following assumptions at the measurement date: average risk free interest rate – 1.45%; expected life – 5 years; expected volatility – 128.93% and expected dividends – nil.

A summary of stock option activity as at June 30, 2022 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	4.96
96Balance, December 31, 2021	1,382,337	$ 0.25	4.71
Balance, June 30, 2022	1,382,337	$ 0.25	4.46

f) Warrants

Share Purchase Warrants:

As at June 30, 2022 there were 7,000,000 (December 31, 2021 – Nil) share purchase warrants outstanding:

	Number of options	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2021	-	-	-
On April 29, 2022	7,000,000	$ 0.10	1.50
Balance, June 30, 2022	7,000,000	$ 0.10	1.33

Agent's warrants:

As at June 30, 2022, there were 700,000 (December 31, 2021 – Nil) agent's warrants outstanding:

	Number of options	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2021	-	-	-
On April 29, 2022	700,000	$ 0.10	1.50
Balance, June 30, 2022	700,000	$ 0.10	1.33

On April 29, 2022, the Company completed its initial public offering of 7,000,000 units ("Units"), at a price of $0.30 per unit, for gross proceeds of $700,000. Each unit consist of one common share in the capital of the Company and one common share purchase warrant of the Company at an exercise price of $0.30 exercisable within 18 months from the listing date, expired on October 29, 2023. The fair value of the warrants was estimated to be $124,654 using the Black-Scholes pricing model with the following assumptions: Risk free interest rate of 2.75%, expected life of 1.5 years, expected dividend yield of 0%, and expected volatility of 95.4%. As there was no trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the Companies operated over a period similar to the expected life of the Warrants.

4. SHARE CAPITAL (Cont'd…)

For its services, the Agent received a corporate finance fee, a cash commission equal to 10% of the gross proceeds of the Offering, and Agent's Warrants to purchase 700,000 Units of the Corporation at an exercise price of $0.30 exercisable within 18 months from the listing date. The finder's fee consisting of $70,000 in cash and 700,000 agent's warrants valued at $31,686 using Balack-Scholes pricing model. The Company also incurred $66,364 in related share issuance costs.

5. 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 June 30, 2022, the Companies controlled by directors and officers of the Company charged $12,000 (June 30, 2021 – Nil) in management fees and $12,000 (June 30, 2021 - $18,400) in exploration management fees to the Company.

As of June 30, 2022, the Company had an aggregate of $20,474 (December 31, 2021 - $Nil) in management fees and operating expenses due to the Companies controlled by directors and officers of the Company. The term of the due from related party is unsecured, non-interest bearing and due on demand.

As of June 30, 2022, the Company paid back advanced an aggregate of $23,551 (December 31, 2021 – 28,551) 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 $19,901 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 June 30, 2022, the Company had no fund due from Pan Pacific.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties.

6. 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 shareholder's 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 period ended June 30, 2022 and December 31, 2021.

7. FINANCIAL INSTRUMENTS

(a) Fair value

The fair value of the Company's cash and cash equivalents, due from related parties, due to related party, share subscription received 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 hierarchy are:

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

For the six months ended June 30, 2022 and year ended December 31, 2021, the fair value of cash and cash equivalents were measured at fair value.

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 June 30, 2022, the Company had cash of $451,954 (December 31, 2021 - $93,753) to settle the total current liabilities of $70,023 (December 31, 2020 - $34,663). As at June 30, 2022, the total working capital of the Company was $396,994 (December 31, 2021 – $106,250). The Company believes that these sources will be sufficient to cover the expected short and long term cash requirements, by current cash flow situation and 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 cash equivalents. The Company limits its exposure to credit risk by holding its cash and cash equivalents in deposits with high credit quality Canadian financial institutions.

(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.

8. SUBSEQUENT EVENTS

Subsequent to the six months ended June 30, 2022, on August 2, 2022, the Company entered into an Asset Purchase Agreement with URSA Polaris Developments Corporation ("URSA"), incorporated in Calgary, Alberta to purchase 100% interest in 48 mining claims, (hereinafter known as the "Santa Maria Property") located SE of Dryden, Ontario. The Company agreed to pay $10,000 in cash to the owner of the property. As of the filing date of the report, for a cash consideration of $10,000 paid in full to fully acquire the Santa Maria claims subject to a 1.75% Net Smelter Royalty (NSR).