CARMANAH MINERALS CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2022 AND FOR THE PERIOD FROM OCTOBER 30, 2020 (DATE OF INCORPORATION) TO MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Carmanah Minerals Corp.

Opinion

We have audited the financial statements of Carmanah Minerals Corp. (the "Company"), which comprise the statement of financial position as at May 31, 2022 and May 31, 2021, and the statement of comprehensive loss, changes in shareholders' equity and cash flows for the year ended May 31, 2022 and for the period from October 30, 2020 (Date of incorporation) to May 31, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2022 and 2021, and its financial performance and its cash flows for the year then ended and the period from October 30, 2020 to May 31, 2021 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 to the financial statements, which describes events or conditions that 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 the information included in Management's Discussion and Analysis.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, 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, 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 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 David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 28, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

CARMANAH MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at May 31, 2022	As at May 31, 2021
		$	**$**
ASSETS			
Current Assets			
Cash		17,425	71,774
Prepaid		10,000	5,001
Receivables	5	1,387	12,661
		28,812	89,436
Exploration and evaluation asset	6	40,000	40,000
TOTAL ASSETS		68,812	129,436
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	7, 11	104,467	59,493
Liabilities		104,467	59,493
Shareholders' Equity			
Share capital	8	90,002	90,002
Reserves	10	10,400	-
Deficit		(136,057)	(20,059)
		(35,655)	69,943
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,812	129,436

Nature of operations and going concern (note 1)
Subsequent events (note 15)

Approved on behalf of the Board of Directors

_____"Jonathan Yan"_____ Director

_____"Yee Lun Wang"_____ Director

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

CARMANAH MINERALS CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	For the year ended May 31, 2022	For the period from October 30, 2020 (Date of Incorporation) to May 31, 2021
		$	$
OPERATING EXPENSES			
Consulting fees		3,150	-
Exploration and evaluation	12	10,636	-
Filing fees		6,721	-
Office and other		1,375	741
Management fees	11	15,000	3,000
Professional fees	11	68,716	16,318
Share based payments	10	10,400	-
		115,998	20,059
NET COMPREHENSIVE LOSS		(115,998)	(20,059)
BASIC AND DILUTED LOSS PER SHARE		(0.02)	(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted		5,100,051	3,589,710

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

CARMANAH MINERALS CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares				
	Number of shares	**Amount**	**Reserves**	**Accumulated Deficit**	**Total**
		$	**$**	**$**	**$**
Balance at October 30, 2020	**-**	**-**	**-**	**-**	**-**
Incorporation share	1	1	-	-	1
Shares issued for cash	5,100,050	90,001	-	-	90,001
Comprehensive loss	-	-	-	(20,059)	(20,059)
Balance at May 31, 2021	**5,100,051**	**90,002**	**-**	**(20,059)**	**69,943**
Share based payments	-	-	10,400	-	10,400
Comprehensive loss	-	-	-	(115,998)	(115,998)
Balance at May 31, 2022	**5,100,051**	**90,002**	**10,400**	**(136,057)**	**(35,655)**

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

CARMANAH MINERALS CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended May 31, 2022	For the period from October 30, 2020 to May 31, 2021
	$	$
OPERATING ACTIVITIES		
Net loss	(115,998)	(20,059)
Adjustments for items not affecting cash		
Share based payment	10,400	-
Change in non-cash working capital items		
Prepaid expenses	(4,999)	(5,000)
Other receivables	11,274	(161)
Trade payables and accrued liabilities	84,974	19,493
Cash used in operating activities	(14,349)	(5,727)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(40,000)	-
Cash used in financing activities	(40,000)	-
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	77,501
Cash provided by financing activities	-	77,501
Change in cash	(54,349)	71,774
Cash – beginning	71,774	-
Cash – ending	17,425	71,774

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Carmanah Minerals Corp. ("Carmanah" or the "Company") was incorporated on October 30, 2020 under the British Columbia Corporations Act of the Province of British Columbia. On June 27, 2022, the Company's shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CARM".

The address of the Company and the registered and records office is 2600 - 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. As at May 31, 2022, the Company has not yet determined whether its interest in the mineral property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 future profitable production from the properties or realizing proceeds from their disposition.

The Company's financial statements for the year ended May 31, 2022 has been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. For the year ended May 31, 2022, the Company incurred a net comprehensive loss of $115,998. As at May 31, 2022, it had an accumulated deficit of $136,057 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 values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon 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 the accompanying financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Statement of Compliance and Basis of Presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were approved and authorized for issuance by the Board of Directors on September 28, 2022.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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 when there is a transfer of resources or obligations between related parties.

Current and Deferred Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and Deferred Income Taxes (continued)

Deferred Income Tax

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Exploration and Evaluation Asset

Exploration and evaluation properties consist of payments to acquire property rights. Property acquisition costs are capitalized. Exploration and evaluation costs are expensed to the statement of loss and comprehensive loss in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent costs are capitalized into development assets.

Development costs incurred on a mineral property are deferred once management has determined based on a feasibility study that a property is capable of economical commercial production as a result of having established proven and probable reserves. Developmental costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration costs incurred prior to determining a property has economically recoverable resources are expensed as incurred.

At each reporting period, the Company assesses whether there is an indication that the exploration and evaluation assets may be impaired. When impairment indicators exist, or when the decision to proceed with a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of exploration and evaluation asset and compares it against the carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the exploration and evaluation asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of comprehensive loss for the period. In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the exploration and evaluation asset. The cash flows are based on the best estimate of expected future cash flows from the continued use of the exploration and evaluation asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and Environmental Obligations

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

As at May 31, 2022, the Company had not recognized any provisions for restoration and environmental obligations.

Impairment of Assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial Instruments

Financial instruments are accounted for in accordance with IFRS 9 “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.
only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. The Company measures cash at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of Financial Assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities required to be measured at FVTPL or if the Company has opted to measure them at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables are measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in conformity with 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 income 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.

Critical Judgments

The following are critical judgments that management has made in the process of applying policies that have the most significant effect on the amount recognized in the financial statements:

Going Concern

The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1.

Exploration and Evaluation Asset

The determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets.

4. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Accounting standard or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

5. RECEIVABLES

	May 31, 2022	May 31, 2021
	$	$
Subscriptions receivable	-	12,500
GST receivables	1,387	161
	1,387	**12,661**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET

Loljuh Project

On February 16, 2021, the Company entered into a property option agreement to acquire 100% of the interest of the Loljuh Property from Fred Antonio Tejada (the "Optionor"). The property is located in Northern British Columbia.

As part of the agreement, the Company is required to make cash payments and make exploration expenditures as follows:

Payment period	Expenditures	Cash Payments
On execution of the Option Agreement ("Closing Date")	Nil	$40,000 (paid)
On or before 18 months following the Closing Date	Nil	$40,000 (Settled after year end)
On or before 30 months following the Closing Date	$100,000	$40,000
On or before 42 months following the Closing Date	$200,000	$60,000
On or before 54 months following the Closing Date	$300,000	$60,000
On or before 66 months following the Closing Date	$400,000	$60,000
TOTAL	**$1,000,000**	**$300,000**

Upon the Company delivering the Optionor a notice confirming the satisfaction of $1,000,000 of expenditures and $300,000 payment, the Company has 90 days to pay the Optionor a further $1,500,000 to acquire 100% of the earned interest of the Loljuh Property. The Company may elect to satisfy up to 50% ($750,000) of the option exercise in the issuance of common shares.

The Loljuh Property has a 2% Net Smelter Royalty that can be acquired for $2,000,000.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	May 31, 2022	May 31, 2021
	$	**$**
Trade payables	37,886	3,383
Accrued liabilities	66,581	56,110
	104,467	**59,493**

8. SHARE CAPITAL

Authorized Share Capital

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

Issued Share Capital

On May 30, 2021, the Company issued 600,000 common shares at a price of $0.05 for proceeds of $30,000.

On February 13, 2021, the Company issued 2,500,050 common shares at a price of $0.02 for proceeds of $50,001.

On November 30, 2020, the Company issued 2,000,000 common shares at a price of $0.005 for proceeds of $10,000 (see Note 11).

On October 30, 2020, the Company issued 1 common share at a price of $1 as an incorporation share.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard our ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, our principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and our overall strategy with respect to capital risk management remains unchanged during the period presented.

(Expressed in Canadian Dollars)

10. STOCK OPTIONS

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive share options outstanding are summarized as follows:

	Weighted average exercise price	**Number of shares issued or issuable on exercise**
Balance – October 30, 2020	$ -	-
Stock options issued	$0.10	140,000
Balance – May 31, 2022	$0.10	140,000

On February 28, 2022, the Corporation issued 140,000 stock options to directors and officers of the Corporation. The options have an exercise price of $0.10 and expire 5 years from the grant date. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.28 % per annum, an expected life of options of 5 years, an expected volatility of 100%, and no expected dividends. The fair value of the options of $10,400 was recorded as a share-based payment expense.

	Options Outstanding			**Options Exercisable**	
Exercise Price	**Number of Shares Issuable on Exercise**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price**	**Number of Shares Issuable on Exercise**	**Weighted Average Exercise Price**
$0.10	140,000	4.75	$0.10	140,000	$0.10
	140,000	4.75	$0.10	140,000	$0.10

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's Board of Directors and members of senior management. The Company's related parties include key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

The remuneration of directors and key management personnel during the year ended May 31, 2022 and the period from October 30, 2020 (date of incorporation) to May 31, 2021 was as follows:

	May 31, 2022	**May 31, 2021**
	$	$
Management	15,000	3,000
Directors	2,750	208
	17,750	**3,208**

During the year ended May 31, 2022, the Company recorded $10,400 of share based payments paid to management and directors of the Company. As at May 31, 2022, $21,418 in accounts payable was due to related parties.

During period from October 30, 2020 (date of incorporation) to May 31, 2021, certain key management and directors of the Company subscribed to a private placement consisting of 300,000 common shares priced at $0.005 for gross proceeds of $1,500 (see Note 8).

12. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses incurred for the year ended May 31, 2022 are as follows:

	For the year ended May 31, 2022	**For the period from October 30, 2020 to May 31, 2021**
	$	**$**
Geology	8,272	-
Travel	2,364	-
Total	10,636	-

(Expressed in Canadian Dollars)

13. INCOME TAXES

A reconciliation of the statutory tax rate to the average effective rate for the period ended May 31, 2022 is as follows:

	2022	2021
Statutory tax rate	27%	27%
	$	$
Loss for the period before income taxes	(115,998)	(20,059)
Expected income tax recovery	(31,319)	(5,400)
Permanent differences and others	8,278	-
Change in unrecognized deductible temporary differences	23,041	5,400
Income tax recovery	-	-

Significant components of the Company's deferred tax assets are as follows:

	2022	2021
	$	$
Non-capital loses carried forward	31,041	-
Exploration and evaluation assets	3,000	11,000
Total deferred income tax assets	34,041	11,000
Unrecognized deferred income tax assets	(34,041)	(11,000)
Net deferred income tax assets	-	-

The Company has non-capital loss carry forwards of approximately $115,000 which may be carried forward to apply against future income for Canadian tax purposes, subject to the final determination by taxation authorities, expiring between 2041 to 2042.

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at May 31, 2022 and 2021 is summarized as follows:

	May 31, 2022	May 31, 2021
	$	$
Financial Assets		
At FVTPL		
Cash	17,425	71,774
Financial Liabilities		
At amortized cost		
Trade payable and accrued liabilities	104,467	59,493

Financial Instrument Risk Exposure

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 — fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 — fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

Cash is classified as Level 1. The carrying balance of trade payables approximate their fair value due to their short-term nature.

14. FINANCIAL INSTRUMENTS (continued)

The Company's financial instruments expose it to a variety of financial risk: market risk (including price risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The Company manages credit risk on liquid financial assets through maintaining its cash with high quality financial institutions.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operations and capital requirements through operating cash flows, as well as future equity and debt financing. As at May 31, 2022, the Company had a cash balance of $17,425 to settle current liabilities of $104,467. The Company's financial liabilities include trade payables which have contractual maturities of 30 days or are due on demand.

Interest Rate Risk
Interest rate risk is the risk that the fair value of 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 its cash. The interest rate risk on cash is not considered significant due to its short term nature and maturity.

15. SUBSEQUENT EVENTS

On June 27, 2022, the Company issued 5,750,000 common shares ("IPO Offering") for gross proceeds of $575,000. The company paid $57,500 in cash commissions and $35,000 as a corporate finance fee, $23,615 in legal fees, and $7,002 in other share issuance costs. In addition, the Company issued 575,000 agent's warrants to the agent at a price of $0.10.

On August 16, 2022, the Company signed into a debt settlement agreement with the Optionor; whereby the Optionor has agreed to accept $32,500 in cash and 75,000 common shares as settlement for the $40,000 cash payment required 18 months following the closing date of the Loljuh Property option agreement (Note 6).