



**CARMANAH**  
MINERALS CORP

**CARMANAH MINERALS CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND AUGUST 31, 2021**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

	Note	As at August 31, 2022	As at May 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		179,575	17,425
Prepaid		10,750	10,000
Receivables	5	11,160	1,387
		201,485	28,812
<b>Exploration and evaluation asset</b>	6	80,000	40,000
<b>TOTAL ASSETS</b>		281,485	68,812
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	7, 11	32,917	104,467
<b>Liabilities</b>		32,917	104,467
<b>Shareholders' Equity</b>			
Share capital	8	511,084	90,002
Reserves	9, 10	112,800	10,400
Deficit		(375,316)	(136,057)
		248,568	(35,655)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		281,485	68,812

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 condensed interim financial statements.

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

	Note	For the three months ended August 31, 2022	For the three months ended August 31, 2021
		\$	\$
<b>OPERATING EXPENSES</b>			
Consulting fees		105,900	-
Exploration and evaluation	12	10,909	2,364
Filing fees		12,512	-
Office and other		11,480	355
Management fees	11	14,500	1,500
Professional fees	11	10,518	2,794
Share based payments	9	71,600	-
Travel		1,840	-
		239,259	7,013
<b>NET COMPREHENSIVE LOSS</b>		(239,259)	(7,013)
<b>BASIC AND DILUTED LOSS PER SHARE</b>		(0.03)	(0.00)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING – basic and diluted</b>		9,162,551	5,100,051

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

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

	Common Shares		Reserves	Accumulated Deficit	Total
	Number of shares	Amount			
		\$	\$	\$	\$
<b>Balance at May 31, 2021</b>	<b>5,100,051</b>	<b>90,002</b>	-	<b>(20,059)</b>	<b>69,943</b>
Share based payments	-	-	10,400	-	10,400
Comprehensive loss	-	-	-	(115,998)	(115,998)
<b>Balance at May 31, 2022</b>	<b>5,100,051</b>	<b>90,002</b>	<b>10,400</b>	<b>(136,057)</b>	<b>(35,655)</b>
Shares issued for cash	5,750,000	570,000	-	-	575,000
Share issuance costs	-	(153,918)	30,800	-	(123,118)
Share based payments	-	-	71,600	-	71,600
Comprehensive loss	-	-	-	(239,259)	(239,256)
<b>Balance at August 31, 2022</b>	<b>10,850,051</b>	<b>511,084</b>	<b>112,800</b>	<b>(375,316)</b>	<b>248,568</b>

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

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

	For the three months ended August 31, 2022	For the three months ended August 31, 2021
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(239,259)	(7,013)
Adjustments for items not affecting cash		
Share based payment	71,600	-
Change in non-cash working capital items		
Prepaid expenses	(750)	(9,999)
Other receivables	(9,773)	12,368
Trade payables and accrued liabilities	(79,050)	(35,692)
<b>Cash used in operating activities</b>	<b>(257,232)</b>	<b>(40,336)</b>
<b>INVESTING ACTIVITIES</b>		
Investment in exploration and evaluation assets	(32,500)	-
<b>Cash used in financing activities</b>	<b>(32,500)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	451,882	-
<b>Cash provided by financing activities</b>	<b>451,882</b>	<b>-</b>
Change in cash	162,150	(40,336)
Cash – beginning	17,425	71,774
Cash – ending	179,575	31,438

The accompanying notes are an integral part of these condensed interim 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 August 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 three months ended August 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 three months ended August 31, 2022, the Company incurred a net comprehensive loss of \$239,259. As at August 31, 2022, it had an accumulated deficit of \$375,316 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 October XX, 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

The Company's accounting policies are the same as those applied in the Company consolidated financial statements for the year ended May 31, 2022.

## 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.



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**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**

	August 31, 2022	May 31, 2022
	\$	\$
Subscriptions receivable	-	-
GST receivables	11,160	1,387
	<b>11,160</b>	<b>1,387</b>

**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 (paid)
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
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$300,000</b>

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.

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**7. TRADE PAYABLES AND ACCRUED LIABILITIES**

	August 31, 2022	May 31, 2022
	\$	\$
Trade payables	2,508	37,886
Accrued liabilities	30,409	66,581
	<b>32,917</b>	<b>104,467</b>

**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 June 27, 2022, the company issued 5,750,000 common shares at a price of \$0.10 for gross proceeds of \$575,000. In connection with the issuance of the shares, the Company incurred share issuance costs of \$123,118 in cash and 575,000 share purchase warrants valued at \$31,800 (note 11) has been issued as financing fees.

**9. 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 – May 31, 2021	-	-
Stock options issued	0.10	140,000
Balance – May 31, 2022	0.10	140,000
Stock options issued	0.10	945,000
Balance – August 31, 2022	0.10	1,085,000

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**9. STOCK OPTIONS (continued)**

On July 22, 2022, the Corporation issued 945,000 stock options. 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 3.24 % 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 \$71,600 was recorded as a share-based payment expense.

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.

Exercise Price	Options Outstanding			Options Exercisable	
	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
\$0.10	945,000	4.89	\$0.10	945,000	\$0.10
	1,085,000	4.84	\$0.10	1,085,000	\$0.10

**10. WARRANTS**

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
	\$	
Balance – May 31, 2022 and 2021	-	-
Share purchase warrants issued	0.10	575,000
Balance - August 31, 2022	0.10	575,000

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**10. WARRANTS (continued)**

The expiry of the warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
			\$
June 27, 2022	June 27, 2024	575,000	0.10
		575,000	0.10

On June 27, 2022, the company issued 575,000 share purchase warrants with an exercise price \$0.10 expiring June 27, 2024. The share purchase warrants has been valued at \$31,800 using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 3.10%, an expected life of 2 years, an expected volatility of 100% and no expected dividends.

**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 three months ended August 31, 2022 and 2021.

	August 31, 2022	August 31, 2021
	\$	\$
Management	15,000	1,500
Directors	2,750	-
	<b>17,750</b>	<b>1,500</b>

As at August 31, 2022, \$nil (May 31, 2022 - \$21,418) in accounts payable was due to related parties.

**12. EXPLORATION AND EVALUATION EXPENSES**

Exploration and evaluation expenses incurred for the three months ended August 31, 2022 are as follows:

	For the year ended August 31, 2022	Three months ended August 31, 2021
	\$	\$
Geology	10,909	2,364
Total	10,909	2,364

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 NOTES TO FINANCIAL STATEMENTS  
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**13. FINANCIAL INSTRUMENTS**

**Financial Assets and Liabilities**

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

	August 31, 2022	May 31, 2022
	\$	\$
<b>Financial Assets</b>		
At FVTPL		
Cash	179,575	17,425
<b>Financial Liabilities</b>		
At amortized cost		
Trade payable and accrued liabilities	32,917	104,467

**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.

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.

### **13. FINANCIAL INSTRUMENTS (Continued)**

#### 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 August 31, 2022, the Company had a cash balance of \$179,575 to settle current liabilities of \$32,917. 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.

### **14. SUBSEQUENT EVENTS**

On September 29, 2022, the Company issued 75,000 common shares at a deemed value of \$0.10 per share as a part of the debt settlement agreement with the Optionor.

On October 5, 2022, the Company entered into a joint venture agreement with Marvel Discovery Corp. ("Marvel") (TSX.V: MARV), to earn a 50% interest in the Walker Claims, a property located in the Athabasca Basin, Saskatchewan. Upon completion of the earn-in by Carmanah, Marvel and Carmanah would each own 50% of the project with Carmanah funding \$1.5 million in exploration expenditures, paying \$400,000 in cash and the issuance of 3.5 million shares and 3.5 million warrants of the Company over a 3-year period.