

# **XCITE RESOURCES INC.**

## **FINANCIAL STATEMENTS**

**For the Three and Six-Months Ended April 30, 2023**

Stated in Canadian Dollars

(Unaudited)

# XCITE RESOURCES INC.

## INDEX TO THE UNAUDITED FINANCIAL STATEMENTS

For the Three and Six-Months Ended April 30, 2023

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

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

# XCITE RESOURCES INC.

Statements of Financial Position  
(Stated in Canadian dollars)  
(Unaudited)

As at April 30, 2023 and October 31, 2022

	April 30, 2023	October 31, 2022
<b>Assets</b>		
Current assets:		
Cash	\$ 276,850	\$ 6,153
Goods and services taxes receivable	14,328	8,298
Prepaid and deposits	-	55,977
Total current assets	291,178	70,428
Deposit on exploration and evaluation asset (Note 3)	271,750	30,000
<b>Total assets</b>	<b>\$ 562,928</b>	<b>\$ 100,428</b>

## Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (Note 4)	\$ 78,287	\$ 52,364
Due to related parties (Note 6)	29,295	16,695
Total current liabilities	107,582	69,059
Shareholders' equity:		
Share capital (Note 5)	736,646	250,000
Reserves	27,102	14,875
Deficit	(308,402)	(233,506)
Total shareholder's equity	455,346	31,369
<b>Total liabilities and shareholder's equity</b>	<b>\$ 562,928</b>	<b>\$ 100,428</b>

Nature of operations and continuance of business (Note 1)  
Commitments (Note 9)

Approved on behalf of the Board:

*"Chris Cooper"*

*"Daryn Gordon"*

Chris Cooper, Director

Daryn Gordon, Director

The notes are an integral part of the financial statements.

# XCITE RESOURCES INC.

Statements of Loss and Comprehensive Loss  
(Stated in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023 and 2022

	For the Three-Months Ended April 30,		Six-Months Ended April 30,	
	2023	2022	2023	2022
<b>Expenses</b>				
Exploration and evaluation expenses	\$ -	\$ 2,633	\$ -	\$ 30,250
Management consulting fees (Note 6)	13,500	11,000	27,000	19,450
Filing fees	20,119	19,161	34,388	19,161
Professional fees	454	2,097	7,105	8,374
General and administrative expenses	1,867	2,776	5,622	4,671
Bank charges	38	16	781	50
	<u>35,978</u>	<u>37,683</u>	<u>74,896</u>	<u>81,956</u>
<b>Net loss and comprehensive loss</b>	<u>\$ (35,978)</u>	<u>\$ (37,683)</u>	<u>\$ (74,896)</u>	<u>\$ (81,956)</u>
<b>Weighted average shares outstanding</b>	13,653,708	8,510,000	11,322,444	8,510,000
<b>Loss per share</b>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>

The notes are an integral part of the financial statements.

# XCITE RESOURCES INC.

Statements of Changes in Shareholders' Equity  
(Stated in Canadian dollars)  
(Unaudited)

For the Six-Months Ended April 30, 2023 and 2022

	Share Capital		Reserves	Deficit	Total Equity
	# of shares	\$			
Balance, October 31, 2021	8,510,000	\$ 250,000	\$ -	\$ (91,215)	\$ 158,785
Net loss for the period	-	-	-	(81,956)	(81,956)
<b>Balance, April 30, 2022</b>	<b>8,510,000</b>	<b>250,000</b>		<b>(173,171)</b>	<b>76,829</b>
Share-based compensation	-	-	14,875	-	14,875
Net loss for the period	-	-	-	(60,335)	(60,335)
<b>Balance, October 31, 2022</b>	<b>8,510,000</b>	<b>250,000</b>	<b>14,875</b>	<b>(233,506)</b>	<b>31,369</b>
Shares issued for cash	5,050,000	504,241	-	-	504,241
Shares issued for broker compensation	420,000	42,000	-	-	42,000
Shares issued for property acquisition	1,600,000	151,750	-	-	151,750
Share issue costs	-	(199,118)	-	-	(199,118)
Issuance of Broker options	-	(12,227)	12,227	-	-
Net loss for the period	-	-	-	(74,896)	(74,896)
<b>Balance, April 30, 2023</b>	<b>15,580,000</b>	<b>\$ 736,646</b>	<b>\$ 27,102</b>	<b>\$ (308,402)</b>	<b>\$ 455,346</b>

The notes are an integral part of the financial statements.

# XCITE RESOURCES INC.

Statements of Cash Flows  
(Stated in Canadian dollars)  
(Unaudited)

For the Six-Months Ended April 30, 2023 and 2022

	April 30, 2023	April 30, 2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (74,896)	\$ (81,956)
Change in non-cash working capital		
Good and services taxes receivable	(6,030)	(3,414)
Prepaid and deposits	55,977	(1,148)
Accounts payable and accrued liabilities	25,923	(17,320)
Due to related parties	12,600	1,549
<b>Net cash used in operations</b>	<b>13,574</b>	<b>(102,289)</b>
<b>Investing activities</b>		
Acquisition of exploration and evaluation assets	(90,000)	-
<b>Net cash from investing activities</b>	<b>(90,000)</b>	<b>-</b>
<b>Financing activities</b>		
Issuance of common shares, net of share issue costs	347,123	-
<b>Net cash provided from financing activities</b>	<b>347,123</b>	<b>-</b>
Increase in cash	270,697	(102,289)
Cash, beginning of period	6,153	145,798
<b>Cash, end of period</b>	<b>\$ 276,850</b>	<b>\$ 43,509</b>

<b>Non-Cash Transactions</b>	<b>2023</b>	<b>2022</b>
Shares issued for acquisition of Turgeon Lake	\$ 151,750	\$ -

The notes are an integral part of the financial statements.

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

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## 1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Xcite Resources Inc. (“Xcite” or the “Company”) is an exploration company incorporated on February 8, 2022 under the laws of the Province of British Columbia, Canada. The Company’s head office and principal address is Suite 1910, 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding for this year, there is no assurance that such future financing will be available or be available on favorable terms. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

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. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

The Company actively manages its cash flow and investment in exploration and evaluation expenses to match its cash generated from financing activities. In order to maximize cash generated from operations, the Company plans to focus on developing its mineral properties with positive indicators of recoverable resources; minimize operating expenses where possible; and limit capital expenditures. As the Company continues to expend on exploration and evaluation expenses, investments will be financed through external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company’s operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months.

Should such events occur, management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional exploration activities, and reducing general and administrative expenses, while seeking outside financing or seeking a potential partner in the development of its mineral properties.

The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company’s financial position, results of financial performance and cash flows. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.



# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

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## 1. NATURE AND CONTINUANCE OF OPERATIONS (*continued*)

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm the Company's business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

## 2. BASIS OF PREPARATION

### Statement of Compliance and basis of presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on the basis of accounting policies, methods of computation, and estimates and judgements consistent with those applied in the Company's October 31, 2022 annual financial statements.

These condensed interim financial statements do not include all of the information required of full audited financial statements and therefore these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2022.

### Functional and presentation currency

The financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency.

### Approval of the financial statements

The condensed interim financial statements of the Company for the period ended April 30, 2023, were approved and authorized for issuance by the Board of Directors on June 23, 2023.

## 3. EXPLORATION AND EVALUATION ASSETS

### Turgeon Lake, Quebec

On April 12, 2022, the Company entered into a purchase and sale agreement to acquire 100% interest in the Turgeon Lake Gold Project located in the province of Quebec, consisting of 39 claims covering 2,203.28 hectares. Under the terms of that agreement and further amendments of October 1, 2022 and November 24, 2022, the Company was committed to the following in order to earn its 100% interest:

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

## 3. EXPLORATION AND EVALUATION ASSETS *(continued)*

- a) Make cash payments totaling \$250,000 as follows:
- \$30,000 on execution of the agreement (paid);
  - \$35,000 on or before November 30, 2022 (paid)
  - \$35,000 earlier of the date of listing and February 28, 2023 (paid); and
  - \$150,000 3 years from execution of the agreement (outstanding).
- b) Issue 1,500,000 common shares to the vendor as follows:
- 250,000 shares on the closing of the transaction (paid).
  - 750,000 shares earlier of the date of listing and February 28, 2023 (paid); and
  - 500,000 shares 3 years from the date of execution (outstanding).
- c) Complete a minimum work commitment totaling \$500,000 as follows:
- \$200,000 on or before 2 years from the date of execution (outstanding); and
  - \$300,000 on or before 3 years from the date of execution (outstanding).

On April 12, 2023, Xcite entered into an agreement to acquire the Turgeon Lake property from the Vendor for a cash payment of \$20,000 and the issuance of 600,000 common shares valued at \$51,750.

The Company is also required to grant a 2% Net Smelter Returns Royalty ("NSR") to the vendor. The Company maintains the right to purchase half of the royalty from the vendor by making a payment of \$1,000,000 to the vendor. In addition, the Turgeon Lake Property is subject to an additional 2% NSR in favour of the prospectors who staked the property.

This agreement is subject to, amongst other considerations, the approval by the Canadian Securities Exchange ("CSE"), and title to the mineral claims does not pass until three business days after such approval has been received by the vendor.

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are non-interest bearing and detailed below:

As at	April 30, 2023	October 31, 2022
Trade accounts payable	\$ 78,287	\$ 6,364
Accrued professional fees	-	46,000
	<b>\$ 78,287</b>	<b>\$ 52,364</b>

## 5. SHARE CAPITAL

### (a) Common shares

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

As at January 31, 2023, the Company had 9,360,000 common shares issued and outstanding. The Company did not have any transactions in its shares during the year ended October 31, 2022. Transactions in the Company's shares were as follows for the period ended January 31, 2023:

- On December 5, 2022, the Company closed a private placement for gross proceeds of \$85,000 by issuing 850,000 units of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable for one common share at an exercise price of \$0.30 for 12 months.

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

## 5. SHARE CAPITAL (continued)

- On February 22, 2023, the Company closed a private placement for gross proceeds of \$420,000 by issuing 4,200,000 units of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable for one common share at an exercise price of \$0.30 for 12 months. Subsequent to April 30, 2023, \$759 of this issuance was received.

The Company incurred \$211,345 of share issuance costs associated with the above share issuances. Included in the share issuance costs are 420,000 broker fee units with a value of \$42,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at an exercise price of \$0.10 for 24 months. In addition, 420,000 broker compensation options were issued allowing the broker to purchase 420,000 shares of the Company with an exercise price of \$0.10 per share. The compensation options carry a fair value of \$12,227 using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate – 4.20%; expected life of the options – 2.0 years; Annualized volatility – 47%; dividend rate – 0%. The weighted average fair value per option granted was calculated as \$0.0291.

- On February 23, 2023, the Company issued 1,000,000 common shares for the acquisition of the Turgeon Lake property with a value of \$100,000 as described in note 3.
- On April 19, 2023, the Company entered into a purchase and sale agreement with the Vendor of the Turgeon Lake property to acquire 100% of the property by the issuance of 600,000 common shares with a value of \$51,750.

### (b) Stock options

The Company has adopted an incentive stock option plan (the “Plan”). The essential elements of the Plan provide that the aggregate number of shares of the Company’s capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the Company’s issued and outstanding shares at the date of grant of the options. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the greater of the closing market price of the Company’s shares on the CSE on (a) the date on which the Board of Directors grants and announces options (the “Award Date”) and (b) the day prior to the Award Date. The Board of Directors may at any time and from time to time, fix limits, vesting requirements or restrictions in respect of which an Option Holder may exercise part of any Option held.

The continuity of share purchase options for the period ended April 30, 2023 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, October 31, 2021 and April 30, 2022	400,000	\$ 0.10
Issued	420,000	0.10
<b>Balance, April 30, 2023</b>	<b>820,000</b>	<b>0.10</b>

On February 22, 2023, the Company completed a private placement and issued 420,000 options to the broker entitling them to purchase 420,000 common shares at \$0.10 per share and expire 36 months from the date of issuance.

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

## 5. SHARE CAPITAL (continued)

The following share purchase options were outstanding as at April 30, 2023:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
		\$	
February 22, 2028	400,000	0.10	4.82
February 22, 2025	420,000	0.10	1.82
	<b>820,000</b>	<b>0.10</b>	<b>3.28</b>

### (c) Warrants

The continuity of share purchase warrants for the period ended April 30, 2023 is as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, October 31, 2022 and April 30, 2022	3,900,000	0.10
Issued	3,370,000	0.27
<b>Balance, April 30, 2023</b>	<b>7,270,000</b>	<b>0.16</b>

On December 5, 2022, the Company completed a private placement and issued 850,000 share purchase warrants entitling the holder to purchase 850,000 common shares at \$0.30 per share and expire 12 months from the date of issuance.

On February 22, 2023, the Company completed a private placement and issued 2,100,000 share purchase warrants entitling the holder to purchase 2,100,000 common shares at \$0.30 per share and expire 12 months from the date of issuance.

On February 22, 2023, the Company issued 420,000 broker share purchase warrants to the entitling the holder to purchase 420,000 common shares at \$0.10 per share and expire 24 months from the date of issuance

The following share purchase warrants were outstanding as at April 30, 2023:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
		\$	
February 6, 2026	3,900,000	0.10	2.77
December 5, 2023	850,000	0.30	0.60
February 22, 2023	2,100,000	0.30	0.82
February 22, 2023	420,000	0.10	1.82
	<b>7,270,000</b>	<b>0.16</b>	<b>1.90</b>

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

## 6. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined the key personnel to be officers and directors of the Company.

Payments and accrual were made to the following officers and directors or to companies controlled by these officer and directors.

	Six-Months Ended April 30, 2023			Six-Months Ended April 30, 2022		
	Management fees	Rent	Total	Management fees	Rent	Total
CEO and Director	\$ 17,500	\$ -	\$ 17,500	\$ 14,500	\$ 1,100	\$15,600
CFO and Director	9,000	-	9,000	4,950	-	4,950
	<b>\$ 26,500</b>	<b>\$ -</b>	<b>\$ 26,500</b>	<b>\$ 19,450</b>	<b>\$ 1,100</b>	<b>\$20,550</b>

As at April 30, 2023, \$29,295 (October 31, 2022 - \$16,695) were owed to related parties for the above services.

Transactions with related parties are in the normal course of business and initially recorded at fair value.

## 7. RISK AND CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of mineral property assets. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There have been no changes from the prior year.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

# XCITE RESOURCES INC.

Notes to the Financial statements  
(Stated Amounts in Canadian dollars)  
(Unaudited)

For the Three and Six-Months Ended April 30, 2023

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## 7. RISK AND CAPITAL MANAGEMENT *(continued)*

### *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 April 30, 2023, the Company had a cash balance of \$276,850 (October 31, 2022 - \$6,153) to settle current liabilities of \$107,582 (October 31, 2022 - \$69,059). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities.

### *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. The Company does not have a practice of trading derivatives.

### *Interest rate risk*

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at April 30, 2023 and October 31, 2022, the Company did not have any investments in investment-grade short-term deposit certificates.

### *Price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

## 8. SEGMENT INFORMATION

The Company has one reportable segment, being the exploration and development of mineral property in the province of Quebec, Canada.

## 9. COMMITMENTS

As a result of the acquisition of the Turgeon Lake Property described in Note 4, the Company is required to grant a 2% Net Smelter Returns Royalty ("NSR") to the vendor. The Company maintains the right to purchase half of the royalty from the vendor by making a payment of \$1,000,000 to the vendor. In addition, the Turgeon Lake Property is subject to an additional 2% NSR in favour of the prospectors who staked the property.