

MIZA II RESOURCES INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND
YEAR ENDED JUNE 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)

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Adam Kim

ADAM SUNG KIM LTD.

CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of
Miza II Resources Inc.

Opinion

I have audited the financial statements of Miza II Resources Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2022 and June 30, 2021, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years ended June 30, 2022 and June 30, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and June 30, 2021, and its financial performance and its cash flow for the years ended June 30, 2022 and June 30, 2021 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$112,530 during the period ended June 30, 2022 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$116,125 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information

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

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 IFRSs, 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Unit# 168 – 4300 North Fraser Way
Burnaby, BC, Canada V5J 5J8
October 21, 2022

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

MIZA II RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	<u>As at 2022-June-30</u>	<u>As at 2021-June-30</u>
ASSETS		
Current		
Cash	\$ 348,970	\$ 440,659
GST Receivable	4,368	-
Prepaid expenses	-	10,000
	<u>353,338</u>	<u>450,659</u>
Non-current		
Exploration and evaluation asset (Note 4)	<u>151,220</u>	<u>135,470</u>
TOTAL ASSETS	<u>\$ 504,558</u>	<u>\$ 586,129</u>
LIABILITIES		
Current		
Account payable and accrued Liabilities	<u>\$ 35,633</u>	<u>\$ 4,674</u>
TOTAL LIABILITIES	<u>35,633</u>	<u>4,674</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	585,050	585,050
Deficit	<u>(116,125)</u>	<u>(3,595)</u>
	<u>468,925</u>	<u>581,455</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 504,558</u>	<u>\$ 586,129</u>

Nature and continuance of operations (Note 1)

Commitment (Note 11)

Approved and authorized by the Board on October 21, 2022:

"Azim Dhalla"

Director

"Nizar Bharmal"

Director

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

MIZA II RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Year Ended 2022-June-30	Year Ended 2021-June-30
EXPENSES		
Accounting fees	\$ 6,500	\$ 2,000
Administration and management	4,000	-
Bank fees	49	83
Professional fees	76,323	-
Rent	1,000	-
Transfer agent & filing fees and Misc.	24,658	281
	<hr/>	<hr/>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ 112,530	\$ 2,364
	<hr/>	<hr/>
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.01)	\$ -
	<hr/>	<hr/>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	18,411,137	15,357,876
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The accompanying notes are an integral part of these financial statements.

MIZA II RESOURCES INC.
STATEMENTS OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	<u>Share Capital</u>		Deficit	Total Shareholders' Equity
	Shares	Amount		
BALANCE, JUNE 30, 2020	6,400,000	\$ 42,000	\$ (1,231)	\$ 40,769
Issued for cash (Note 5)	12,861,000	543,050	-	543,050
Net loss for the year	-	-	(2,364)	(2,364)
BALANCE, JUNE 30, 2021	19,261,000	\$ 585,050	(3,595)	\$ 581,455
Cancelled (Note 5)	(4,400,000)	(22,000)		(22,000)
Re-issued (Note 5)	1,100,000	22,000		22,000
Net loss for the year	-	-	(112,530)	(112,530)
BALANCE, JUNE 30, 2022	15,961,000	\$ 585,050	\$ (116,125)	\$ 468,925

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

MIZA II RESOURCES INC.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Year Ended 2022-June-30	Year Ended 2021-June-30
OPERATING ACTIVITIES		
Net loss for the year	\$ (112,530)	\$ (2,364)
Change in non-cash working capital items:		
GST receivable	(4,368)	-
Prepays	10,000	(8,000)
Accounts payable and accrued liabilities	30,959	3,674
Cash flows used in operating activities	<u>(75,939)</u>	<u>(6,690)</u>
INVESTING ACTIVITY		
Exploration and evaluation asset	(15,750)	(117,970)
Cash used in investing activity	<u>(15,750)</u>	<u>(117,970)</u>
FINANCING ACTIVITY		
Issuance of shares	-	543,050
Cash provided by financing activity	<u>-</u>	<u>543,050</u>
CHANGE IN CASH	(91,689)	418,390
CASH BALANCE, BEGINNING OF THE YEAR	<u>440,659</u>	<u>22,269</u>
CASH BALANCE, END OF THE YEAR	<u>\$ 348,970</u>	<u>\$ 440,659</u>
Cash transaction:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1. NATURE OF BUSINESS

Miza II Resources Inc. (the “Company” or “Miza II”) was incorporated on October 7, 2019, under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 1510, 789 West Pender Street, Vancouver, B.C., V6C 1H2. The Company’s principal business is the acquisition and exploration of mineral properties in British Columbia, Canada.

The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At June 30, 2022, the Company had not yet achieved profitable operations, had accumulated losses of \$116,125 (June 30, 2021 - \$3,595) since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID- 19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. BASIS OF PREPARATION

Statement of compliance and going concern

These financial statements 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”).

Basis of measurement

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency.

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

2. BASIS OF PREPARATION *(Continued)*

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

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

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Financial instruments

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classifications under IFRS 9:

	Classification under IFRS 9
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(continued)*

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (“OCI”). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition financial assets

The Company de-recognizes financial assets 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.

Financial liabilities

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.

Gains and losses on de-recognition are generally recognized in profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets *(continued)*

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on disposition of a mineral property. Any revenue, including the receipt of fees and similar payments, earned prior to the commencement of commercial production, and reasonably attributable to the costs historically incurred on a property, is also offset against those costs as received.

The Company capitalizes all costs, net of any recoveries, of acquiring, exploring and evaluating an exploration and evaluation asset, until the right to which they relate is placed into production, at which time these deferred costs will be amortized over the estimated useful life of the right upon commissioning the property, or written-off if the right is disposed of, impaired or abandoned.

Management reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights.

An indication of impairment includes but is not limited to expiration of the right to explore, absence of planned or budgeted substantive expenditure in the specific area, and the decision to discontinue exploration activity in a specific area.

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 income and comprehensive income.

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, however, not 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.

3. 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.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

As at June 30, 2022, the Company, given the early stage of exploration on its mineral properties, has no reclamation costs and therefore no provision for environmental rehabilitation has been made.

Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date.

On issuance, the Company allocates the flow-through share into i) fair value of capital stock and ii) the residual as a flow-through share premium, which is recognized as a liability. The liability is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

A deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures that are capitalized to exploration and evaluation assets and their tax basis. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset.

4. EXPLORATION AND EVALUATION ASSET

On September 30, 2019, the Company entered into an option agreement to acquire a 100% interest in the LeMare property, consisting of twelve (12) mineral claims, located on Port Alice in the Nanaimo Mining Division of British Columbia, for the following consideration.

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

4. EXPLORATION AND EVALUATION ASSET *(Continued)*

The terms of the option agreement are:

- a) Total cash payments of \$157,500 to an optioner:
- i. \$10,000 on signing of the agreement on September 30, 2019, 2020 (the “signing date”) **(paid)**;
 - ii. \$12,500 on first anniversary 2020 **(paid)**;
 - iii. \$15,000 on second anniversary 2021 **(paid in October 2021)**;
 - iv. \$20,000 on third anniversary 2022 **(paid in September 2022)**; and
 - v. \$100,000 on fifth anniversary 2024;
- b) Incurring minimum work expenditures of \$80,000 on the property by September 30, 2020 **(Met)**.

The Company will have the right to buy back one and half percent (1.5%) of the NSR for \$1,500,000 at any time.

	June 30, 2022	June 30, 2021
Acquisition cost		
Beginning of the year	\$ 22,500	\$ 10,000
Additions	15,000	12,500
End of year	<u>\$ 37,500</u>	<u>\$ 22,500</u>
Exploration costs:		
Beginning of the year	\$ 112,970	\$ 7,500
Assay and Analysis	-	23,208
Crew and camp	-	20,326
Geological consulting	-	27,370
Transportation	-	6,843
Excavation	-	12,927
Reclamation	-	11,000
Other expenses	750	3,796
End of year	<u>\$ 113,720</u>	<u>\$ 112,970</u>
Total, End of year	<u>\$ 151,220</u>	<u>\$ 135,470</u>

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

5. SHARE CAPITAL

Authorized

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

Issued

During the year ended, June 30, 2020, the company issued 4,400,000 common shares at a price of \$0.005 for proceeds of \$22,000 and 2,000,000 common shares at a price of \$0.01 for proceeds of \$20,000.

During the year ended, June 30, 2021, the company issued 2,000,000 common shares at a price of \$0.01 for proceeds of \$20,000; 2,000,000 flow-through common shares at a price of \$0.05 for proceeds of \$100,000. No flow-through share premium was allocated as an issued share price was the same as a fair value of a share price; 2,861,000 common shares at a price of \$0.05 for proceeds of \$143,050; 4,000,000 common shares at a price of \$0.02 for proceeds of \$80,000 and 2,000,000 common shares at a price of \$0.10 for proceeds of \$200,000.

On March 28, 2022, the Company cancelled 4,400,000 common shares issued at \$0.005 and re-issued 1,100,000 common shares at \$0.02 resulting to outstanding shares being reduced by 3,300,000 common shares.

As at June 30, 2022 and June 30, 2021, the Company had no outstanding warrants and stock options.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2022, the Company's only financial instruments are comprised of cash, receivable and accounts payables. The fair value of these financial instruments approximates their carrying value due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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.

As at June 30, 2022, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at June 30, 2022 as follows:

As at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	\$ 348,970	-	-	\$ 348,970
	\$ 348,970	-	-	\$ 348,970

MIZA II RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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

(a) Credit risk

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(b) Liquidity risk

The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at June 30, 2022, the Company had a cash balance of \$348,970 to settle current and future liabilities and as such, is not exposed to significant liquidity risk.

(c) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(d) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible. The foreign exchange risk is therefore manageable and not significant. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

(e) Price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

MIZA II RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

7. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. 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 and exploration and development of mineral properties. The Board of Directors do 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 properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended June 30, 2022.

8. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

9. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, the Company incurred \$Nil (2021 - \$3,646) in consulting fees to Chris Healey, a director of the Company, which was included in Exploration and Evaluation Asset.

During the year ended June 30, 2022, the Company incurred \$6,500 (2021 - \$2,000) in accounting fees to Nizar Bharmal Inc., a company owned by Nizar Bharmal, a director of the Company, and owed \$2,000 (2021 - \$3,000) to Nizar Bharmal Inc. included in accounts payable and accrued liabilities as at June 30, 2022.

During the year ended June 30, 2022, the Company incurred \$5,000 (2021 - \$Nil) in management fees and rent to A Dhalla Management Inc. owned by Azim Dhalla, a director of the Company, and owed \$5,000 (2021 - \$Nil) to A. Dhalla Management Inc. included in accounts payable and accrued liabilities as at June 30, 2022.

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties.

MIZA II RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

10. INCOME TAXES

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	<u>2022</u>	<u>2021</u>
Statutory tax rate	27.0%	27.0%
Loss before income taxes	\$ (112,530)	\$ (2,364)
Expected income tax recovery	\$ (30,383)	\$ (638)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	-	-
Current and prior tax attributes not recognized	30,383	638
Deferred income tax recovery	\$ -	\$ -

Details of deferred tax assets are as follows:

	<u>2022</u>	<u>2021</u>
Non-capital losses	\$ 31,354	\$ 971
Less: Unrecognized deferred tax assets	(31,354)	(971)
	\$ -	\$ -

The Company has approximately \$116,000 of non-capital losses available, which begin to expire in 2040 through to 2042 and may be applied against future taxable income. The Company also has approximately \$151,000 of exploration and development costs which are available for deduction against future income for tax purposes. At June 30, 2022, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

MIZA II RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

11. COMMITMENT

Issuance of flow-through shares

The Company is partially financed through the issuance of flow-through shares, requiring that the Company spend the proceeds for qualified mining exploration expenses. Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work, subject to penalties if the conditions are not respected. Although the Company is committed to taking all the necessary measures, refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the year ended June 30, 2022, the Company received \$Nil (2021- \$100,000) following an issuance of flow-through shares and renounced \$Nil (2021 - \$100,000) of its tax deductions relating to flow-through expenditures. As at June 30, 2022, the Company had incurred \$Nil (2021 – \$100,000) of qualifying expenditures.