SCOUT MINERALS CORP.

(an exploration-stage company)

Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2022

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Scout Minerals Corp. (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 the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

SCOUT MINERALS CORP.
Condensed Interim Consolidated Statements of Financial Position

Unaudited
(Expressed in Canadian dollars)

As at	September 30, 2022	December 31, 2021
	$	$
Assets		
Current assets		
Cash	179,727	197,091
GST receivable	2,834	-
Total current assets	182,561	197,091
Non-current asset		
Mineral property interest (Note 6)	62,500	-
Total non-current assets	62,500	
Total assets	245,061	197,091
Liabilities and shareholders' equity		
Current liabilities		
Payables and accrued liabilities (Note 7)	1,625	5,007
Total liabilities	1,625	5,007
Shareholders' equity		
Share capital (Note 8)	292,979	197,100
Contributed surplus (Note 8(c) and (e))	68,177	-
Accumulated deficit	(117,721)	(5,016)
Total shareholders' equity	243,436	192,084
Total liabilities and shareholders' equity	245,061	197,091

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Approved by the Board of Directors:

"*Jeffrey Wilson*", Director "*Trevor Nawalkowski*", Director

SCOUT MINERALS CORP.
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

Unaudited
(Expressed in Canadian dollars, except share amounts)

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022
	$	$
Operating expenses:		
Exploration and evaluation (Note 6)	51,359	51,359
Listing and filing fees	4,286	45,953
Professional, legal & advisory fees	-	6,175
Amalgamation expense (Note 2)	-	4,000
Share-based compensation	2,166	4,806
Administrative, office and general	245	412
Net loss and comprehensive loss for the period	58,056	112,705
Loss per common share (Note 8(f))		
Basic and diluted loss per share	$ 0.00	$ 0.01
Weighted average number of common shares (basic and diluted)	15,023,538	13,463,448

The accompanying notes form an integral part of these condensed interim consolidated financial statements

SCOUT MINERALS CORP.
Condensed Interim Consolidated Statements of Shareholders' Equity

Unaudited
(Expressed in Canadian dollars, except share amounts)

	Common shares					
	Shares (Notes 2 & 8)	Amount	Special warrant subscriptions (Note 8)	Contributed surplus	Accumulated deficit	Total shareholders' equity
		$	$	$	$	$
Balance at October 26, 2021	-	-	-	-	-	-
Incorporation share	1	1	-	-	-	1
Cancelation of incorporation share	(1)	(1)	-	-	-	(1)
Private placements	12,479,997	197,100	-	-	-	197,100
Loss for the period	-	-	-	-	(5,016)	(5,016)
Balance as at December 31, 2021	12,479,997	197,100	-	-	(5,016)	192,084
Receipts for special warrants	-	-	156,301	-	-	156,301
Scout Shares issued upon redemption of special warrants	2,303,000	92,929	(156,301)	63,372	-	-
Scout Shares issued pursuant to Amalgamation	200,000	4,000	-	-	-	4,000
Share issue costs	-	(1,050)	-	-	-	(1,050)
Share-based compensation	-	-	-	4,806	-	4,806
Loss for the period	-	-	-	-	(112,705)	(112,705)
Balance as at September 30, 2022	**14,982,997**	**292,979**	**-**	**68,177**	**(117,721)**	**243,436**

The accompanying notes form an integral part of these condensed interim consolidated financial statements

SCOUT MINERALS CORP.
Condensed Interim Consolidated Statement of Cash Flows

Unaudited
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2022
	$
Cash flows used in operating activities	
Loss for the period	(112,705)
Adjusted for items not involving cash:	
Amalgamation expense (Note 2)	4,000
Stock-based compensation (Note 8(e))	4,806
Movements in working capital:	
GST receivable	(2,834)
Payables and accrued liabilities	(3,383)
Net cash used in operating activities	(110,116)
Cash flows used in investing activities	
Option payment for mineral property interest (Note 6)	(62,500)
Net cash used in investing activities	62,500
Cash flows from financing activities	
Issuance of special warrants (Note 8(d))	156,301
Share issue costs (Note 8)	(1,050)
Net cash generated by financing activities	155,251
Net decrease in cash	(17,365)
Cash at beginning of the period	197,091
Cash at end of the period	179,726

The accompanying notes form an integral part of these condensed interim consolidated financial statements

1. THE COMPANY AND DESCRIPTION OF BUSINESS

Scout Minerals Corp. (the "Company", or "Scout") was incorporated in the Province of British Columbia, Canada on October 26, 2021, under the Business Corporations Act (British Columbia). The Company is domiciled in Canada and has been focused since incorporation on the acquisition of mineral property interests for the purposes of exploration and development.

2. BASIS OF PRESENTATION AND CONSOLIDATION

These unaudited condensed interim consolidated financial statements for the three- and nine-months ended September 30, 2022 (the "Interim Financial Statements"), have been prepared in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's annual audited financial statements for the period ended December 31, 2021, and related notes thereto (the "AFS") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee.

As the Company was incorporated on October 26, 2021, there are no comparative loss or cash flow amounts reported in these Interim Financial Statements. The Board of Directors of the Company (the "Board") authorised these financial statements on October 18, 2022.

Amalgamation Transaction

The Company entered into an amalgamation agreement dated January 10, 2022 (the "Amalgamation Agreement") with Chara Capital Corp. ("Chara"), and 1341715 B.C. Ltd. ("1341715"), a wholly-owned subsidiary of the Company incorporated on January 7, 2022. Pursuant to the Amalgamation Agreement, Chara and 1341715 amalgamated (the "Amalgamation") to form 1342683 B.C. Ltd. ("Amalco").

The Company issued the following consideration with the following effect:

- One common share of the Company ("Scout Share") in exchange for each of the 187,500 Class B common shares of Chara issued and outstanding at the time of the Amalgamation; and
- One Scout Share in exchange for each of the 12,500 Class A common shares of Chara issued and outstanding at the time of the Amalgamation.

The 200,000 Scout Shares issued by the Company pursuant to the Amalgamation were valued at $4,000 (Note 8). The acquisition and amalgamation did not constitute a business combination under IFRS 3, *Business Combinations*. Because 1342683 BC Ltd. had no significant assets or liabilities; the $4,000 was accounted for as a non-cash "amalgamation expense" on the consolidated statements of loss and comprehensive loss.

Pursuant to the Amalgamation, the one common share in the capital of the 1341715 was cancelled and replaced by one common share in the capital of Amalco. The Amalgamation took effect January 13, 2022.

The Interim Financial Statements include the financial statements of the parent company, Scout Minerals Corp., and, pursuant to having completed the Amalgamation, its one subsidiary, 1342683 B.C. Ltd. All significant intercompany transactions are eliminated on consolidation.

3. CONTINUANCE OF OPERATIONS

The Interim Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future; and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to mutate and spread has adversely affected workforces, economies, and financial markets globally, giving rise to broad market volatility and uncertainty. The effect of the COVID-19 virus, the impact of mutations and variants thereof, and the actions recommended to combat the virus are changing constantly. As of the date these financial statements are issued, management doesn't believe that COVID-19 (or the government's response thereto) has had a negative impact on the Company's operations, but are aware that it may impact the Company's ability to raise money, or its ability to access and explore its properties should travel restrictions be reintroduced or expanded in scope. It is not possible for the Company to predict the duration, evolution, or magnitude of the adverse results of the outbreak or its effects on the Company's business or ability to raise funds.

3. CONTINUANCE OF OPERATIONS (CONTINUED)

Furthermore, recent events in Europe prompted by the conflict in Ukraine, and the response from multiple countries, corporations, and governmental agencies may have far reaching impacts on commodity prices, foreign currency exchange rates, and the price of publicly traded companies. The uncertainty and increasing volatility of this situation, and consequentially in the capital markets may also impact the Company's business and the ability to raise new capital.

Scout recorded a loss and comprehensive loss of $112,705 for the nine months ended September 30, 2022. As at September 30, 2022, the Company had an accumulated deficit of $117,721 (December 31, 2021 - $5,016), and working capital of $180,936 (December 31, 2021 - $192,084). The Company has not generated significant revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

Scout's continuation as a going concern depends on its ability to successfully raise capital. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether the Company's cash resources and working capital will be sufficient to enable Scout to continue as a going concern for the 12-month period after the date of these Interim Financial Statements. Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company may determine to reduce the level of activity and expenditures to preserve working capital and alleviate any going concern risk. On July 4, 2022, the Scout Shares were listed for trading under ticker symbol "SCTM" on the Canadian Securities Exchange (the "CSE") which is expected to provide greater opportunities to raise capital from a larger group of prospective investors (the "Go Public Transaction").

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

A selection of the principal accounting policies used in the preparation of these financial statements are set out below. See Note 3 – Summary of Significant Accounting Policies in the AFS.

a) Basis of measurement

The financial statements have been prepared under the historical cost convention, except for financial assets classified as at fair value through profit or loss which are measured at fair value. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Mineral property acquisition costs and exploration and development expenditures

Mineral property acquisition costs are capitalized until the viability of the mineral interest is determined. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property.

The Company's policy is to expense, as incurred, due diligence and mineral property assessment expenditures, and upon successful acquisition of a mineral property, continue to expense exploration and evaluation expenditures incurred until the mineral property reaches the development stage.

c) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of Scout Shares are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of Scout Shares issued in private placements to be the more easily measurable component of unit offerings and the Scout Shares are valued at their fair value. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Recently adopted accounting standards and pronouncements

On February 12, 2021, the IASB issued, "*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*" providing guidance intended to help preparers in deciding which accounting policies to disclose in their financial statements. IAS 1, "*Presentation of Financial Statements*" ("IAS 1") has been amended in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of what was outlined as a 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. Although the amendment guidance is effective for annual periods beginning on or after January 1, 2023, the Company has early adopted this updated disclosure beginning January 1, 2022.

e) Accounting policies not yet adopted

On January 23, 2020, the IASB issued amendments to IAS 1, to clarify the classification of liabilities as current or non-current. On July 15, 2020, the IASB issued an amendment to defer the effective date by one year. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently assessing the impact of the standard on the financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND RISKS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company bases its estimates and assumptions on current facts, limited historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. The more significant areas requiring the use of management's judgments, estimates, and assumptions include: the assumption that the Company will be able to continue as a going concern; the type and amount of exploration property acquisition and transaction costs eligible for capitalization; the assessment of indicators of impairment of mineral property interests; the valuation of share-based compensation; and, whether accounting policies are material enough to merit disclosure or not. Further information on management's judgments, estimates, and assumptions and how they may impact results are described in the relevant notes to these Interim Financial Statements.

No significant assumptions and estimates have been made at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based this determination on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(Expressed in Canadian dollars)

6. EXPLORATION PROPERTY INTEREST

On January 27, 2022, the Company entered into a mineral property option agreement (the "Option Agreement") with 1218802 B.C. Ltd. (the "Optionor"), providing the Company the ability to acquire a 75% interest in certain mining claims making up the McKinney exploration property located in the Greenwood Mining Division, British Columbia, Canada ("McKinney").

As of September 30, 2022, the following cash payments had been capitalized relating to the acquisition of McKinney.

Acquisition costs		
Balance, December 31, 2021	$	-
Acquisition cost payment		17,500
Go Public Transaction milestone payment		45,000
Acquisition costs paid at September 30, 2022	$	62,500

To acquire the 75%, the Company must pay / issue to the Optionor the following remaining consideration:

Cash payments		
• on the 12-month anniversary of the Go Public Transaction	$	50,000
• on the 24-month anniversary of the Go Public Transaction	$	75,000
• on the 36-month anniversary of the Go Public Transaction	$	100,000
Scout Share issuances		
• on the 12-month anniversary of the Go Public Transaction		250,000 Scout Shares
• on the 24-month anniversary of the Go Public Transaction		350,000 Scout Shares
• on the 36-month anniversary of the Go Public Transaction		500,000 Scout Shares
		1,100,000 Scout Shares

Satisfaction of the Option Agreement also requires the Company to incur a minimum of $100,000 of exploration expenditures on McKinney on or before the 12-month anniversary of the Go Public Transaction; and a further $400,000 of exploration expenditures on or before the 36-month anniversary of the Go Public Transaction. Cash payments in lieu of a shortfall in exploration expenditures for a given period may be made by the Company to the Optionor.

Upon satisfaction of the Option Agreement, the Optionor will retain a 2% net smelter return royalty interest ("NSR") on the property, of which the Company will have the right at any time, to repurchase half the NSR (or 1%), for $1,000,000.

Exploration and evaluation expenditures have been expensed in the consolidated statements of loss and comprehensive loss. Details of exploration and evaluation activities at McKinney, and related expenditures incurred are as follows:

		Nine months ended September 30, 2022
Geological services	$	24,625
Administration and maintenance		14,228
Geophysics and geochemistry		12,506
Exploration expenditures for the period	$	51,359
Cumulative balance	$	51,359

7. PAYABLES AND ACCRUED LIABILITIES

		As at September 30, 2022		As at December 31, 2021
Payables	$	266	$	-
Accrued liabilities		1,359		5,007
	$	1,625	$	5,007

Payables and accrued liabilities are non-interest bearing and are normally settled on 30-day terms (Note 9).

(Expressed in Canadian dollars)

8. SHARE CAPITAL

a) Authorized

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

b) Issued

Scout Shares issued and outstanding as at September 30, 2022: 14,982,997 (December 31, 2021: 12,479,997).

Pursuant to the Amalgamation (Note 2), the Company issued 200,000 Scout Shares ($4,000) on January 13, 2022 (the "Amalgamation Shares"). The value of the Amalgamation Shares was determined with reference to the price of the Scout Shares issued on December 1, 2021.

On June 28, 2022, pursuant to the receipt by the British Columbia Securities Commission of the Company's long form prospectus qualifying the distribution of 2,303,000 units resultant from the conversion of the previously-issued Special Warrants (see Note 8(d)), the Company issued 2,303,000 Scout Shares and common share purchase warrants ("Warrants") for no additional consideration. A total of $1,050 in share issue costs were recorded in connection with the issuance arising from the conversion of the special warrants and qualification of the Scout Shares.

As at September 30, 2022, the Company holds 164,475 Scout Shares in escrow pursuant to the rules of the CSE.

c) Warrants

A summary of the changes in the number of Warrants is as follows:

	Number of Warrants	Weighted-average exercise price
Balance, October 25, 2021	-	$ -
Issued	8,979,999	$ 0.10
Balance, December 31, 2021	8,979,999	$ 0.10
Issued on conversion of special warrants (Note 8(d))[1]	2,303,000	$ 0.118
Balance, September 30, 2022	11,282,999	$ 0.104

[1] Issued on June 28, 2022, pursuant to conversion of special warrants (see Note 8(d)); each Warrant is exercisable into a Scout Share for a period of two years from the date of issue at an exercise price of $0.10.

As of September 30, 2022, the following Warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
8,979,999	$ 0.10	December 1, 2023
1,479,979	$ 0.10	June 28, 2024
823,021	$ 0.15	June 28, 2024
11,282,999		

As at September 30, 2022, the Company holds 108,000 Warrants in escrow pursuant to the rules of the CSE.

As of September 30, 2022, the weighted-average remaining life of the outstanding Warrants was 1.29 years (December, 31, 2021: 1.92 years). Using Black-Scholes, a total of $63,372 was ascribed to the Warrants issued on conversion of the special warrants (Note 8(d)).

d) Special Warrants

As at September 30, 2022 all previously issued special warrants (in aggregate, 2,303,000; December 31, 2021: nil), had been converted. A summary of special warrant transactions is as follows:

Date of issue	Number of special warrants	Price per special warrant	Aggregate gross proceeds	Date of conversion	Converted to number of Scout Shares (Note 8(b))	Converted to number of Warrants (Note 8(b))
January 20, 2022	1,479,979	$0.05	$73,999	June 28, 2022	1,479,979	1,479,979
February 15, 2022	823,021	$0.10	$82,302	June 28, 2022	823,021	823,021

Gross proceeds of $156,301 were recorded to equity from the issuance of the special warrants. Upon conversion the amount was transferred to the value of share capital.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (CONTINUED)

e) Stock options

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option ("Option") grants.

Under the Plan, the exercise price of each Option, which is solely payable in cash, is determined by the Board at the time of grant and cannot be less than the price permitted by whichever stock exchange on which the Scout Shares are listed for trading. The CSE requires that the exercise price of options must be equal to or greater than the discounted market price (as defined in the policies of the CSE). The Board has the discretion to determine the term (to a maximum of 10 years), and vesting provisions of any Options granted under the Plan at the time of grant, subject to the policies of the CSE. The maximum number of outstanding Options under the Plan is limited to 10% of the number of issued and outstanding common shares.

On February 15, 2022, the Company awarded 50,000 Options to certain directors of the Company (Note 9). Each Option has a 2-year term from the date of the award, vested upon issuance, and is exercisable at a price of $0.10 per Scout Share. The weighted average fair value of the 50,000 Options was estimated at $0.0528 per Option at the grant date using the Black-Scholes Pricing Model ("Black-Scholes") using the following assumptions: no expected dividends to be paid; volatility of 100%; risk-free interest rate of 1.55%; and expected life of 2 years. However, pursuant to the resignation of one of the recipients, 25,000 Options were forfeited on August 9, 2022. The forfeited Options were fully vested, and the full amount previously expensed ($1,320) was reversed through the statement of loss.

On August 24, 2022, the Company awarded an aggregate of 105,000 Options to certain officers and directors of the Company (Note 9). Each Option has a 2-year term from the date of the award, and is exercisable at a price of $0.10 per Scout Share. 25,000 of the Options awarded vested immediately, the remaining 80,000 Options vest in thirds over the course of the 9-months following the date of the award. The weighted average fair value of the 105,000 Options was estimated at $0.0633 per Option at the grant date using Black-Scholes using the following assumptions: no expected dividends to be paid; volatility of 100%; risk-free interest rate of 3.44%; and expected life of 2 years.

The following is a summary of the Company's Options for the period ended December 31, 2021, and the nine months ended September 30, 2022:

	Number of Options	Weighted-average exercise price
Balance, October 26, 2021, and December 31, 2021	-	$ -
Issued	155,000	0.10
Forfeited	(25,000)	0.10
Balance, September 30, 2022	130,000	$ 0.10

The weighted average remaining life for the outstanding options at September 30, 2022 is 2.61 years (exercisable: 2.43 years).

f) Basic and diluted loss per common share

There were no in-the-money dilutive securities outstanding as at September 30, 2022.

Loss per share is calculated as follows:

	Nine months ended September 30, 2021
Loss attributable to shareholders	$ 112,705
Basic and diluted weighted average number of shares outstanding	13,463,448
Loss per share	$ 0.01

9. RELATED PARTY TRANSACTIONS

As at September 30, 2022, the Company's related parties include its officers and directors.

No amount was paid by the Company to any members of the Board, or the President and Chief Executive Officer. The Chief Financial Officer provided bookkeeping services for the nine-month period ended September 30, 2022 valued at $2,500. No amount remained payable at September 30, 2022.

Three of the Company's directors, and one of the Company's officers were awarded Options during the period (in aggregate, 155,000 Options); and subsequently 25,000 of those Options were forfeited pursuant to the resignation of one of those directors (Note 8(e)).

Directors and officers of the Company purchased an aggregate of 60,000 special warrants ($3,000), which were subsequently converted to 60,000 Scout Shares and 60,000 Warrants during the nine-month period ended September 30, 2022. (Note 8(d)).

10. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company is engaged in the acquisition, and potential exploration, and evaluation of mineral property interests in Canada. The Company's operations are in one geographic and one commercial segment.

The net loss for the nine months ended September 30, 2022, and the total assets attributable to geographic locations, as at September 30, 2022, relate only to operations in Canada.

11. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and payables and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
The financial instrument which potentially subjects the Company to concentration of credit risk is cash. As at September 30, 2022, the balance of cash held on deposit was $179,727. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. In the long term, the Company may have to issue additional Scout Shares to ensure there is sufficient capital to meet long term objectives.

The Company's financial liabilities of payables and accrued liabilities are payable without repayment terms and are to be funded from cash provided by private placement financings.

12. MANAGEMENT OF CAPITAL RISK

The Company relies upon management to manage capital in order to accomplish the objective of safeguarding the Company's ability to continue as a going concern and actively commence operations at McKinney, continue to satisfy the terms of the Option Agreement, and maintain a capital structure which optimizes the costs of capital at an acceptable risk. The Company's current capital consists of equity funding through private issuances of Scout Shares. As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability may be affected by commodity price volatility. To facilitate the management of its capital requirements, the Company expects to undertake an annual budget process that will be updated as necessary depending on various factors, including successful capital deployment and general industry conditions.