SCOUT MINERALS CORP.

(an exploration-stage company)

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a note indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

Scout Minerals Corp.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2023 and December 31, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Note	March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		$ 17,650	$ 173,547
Other receivables		3,645	-
Prepaid expenses		78,845	-
Total current assets		**100,140**	**173,547**
Mineral property interest	5	67,500	62,500
TOTAL ASSETS		**$ 167,640**	**$ 236,047**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 106,081	$ 68,226
TOTAL LIABILITIES		**106,081**	**68,226**
SHAREHOLDERS' EQUITY			
Share capital	7	354,206	354,206
Contributed surplus	7(e)	8,021	8,241
Accumulated deficit		(300,668)	(194,626)
Total shareholders' equity		**61,559**	**167,821**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 167,640**	**$ 236,047**

Nature of Operations (Note 1)
Subsequent Events (Note 12)

Approved and Authorized by the Board of Directors on May 23, 2023:

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

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

Scout Minerals Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Note		For the three months ended March 31, 2023		For the three months ended March 31, 2022
OPERATING EXPENSES					
Professional fees		$	75,978	$	5,000
Consulting fees			9,581		-
Investor relations			8,732		-
Management fees	8		6,800		-
Transfer agent fees			2,850		-
Listing and filing fees			2,325		5,000
Share-based compensation	7(e)		378		2,640
Amalgamation expense	7(b)		-		4,000
Administrative expense			327		55
Total operating expenses			(106,971)		(16,695)
OTHER INCOME (EXPENSES)					
Interest income			667		-
Reversal of share-based compensation	7(e)		598		-
Foreign exchange loss			(336)		-
			929		-
NET LOSS AND COMPREHENSIVE LOSS		**$**	**(106,042)**	**$**	**(16,695)**
Basic and diluted loss per common share	7(f)	$	(0.01)	$	(0.00)
Weighted average number of common shares outstanding – basic and diluted	7(f)		**14,982,997**		**12,651,108**

Scout Minerals Corp.
Condensed Interim Consolidated Statement of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	**Share capital**	**Special warrant subscription**	**Contributed surplus**	**Accumulated deficit**	**Total shareholders' equity**
		$	**$**	**$**	**$**	**$**
Balance at December 31, 2021	**12,479,997**	**197,100**	**-**	**-**	**(5,016)**	**192,084**
Receipts for special warrants	-	-	156,301	-	-	156,301
Share-based compensation (Note 7(e))	-	-	-	2,640	-	2,640
Common shares issued pursuant to amalgamation (Note 1, 7(b))	200,000	4,000	-	-	-	4,000
Net loss for the period	-	-	-	-	(16,695)	(16,695)
Balance as at March 31, 2022	**12,679,997**	**201,100**	**156,301**	**2,640**	**(21,711)**	**338,330**
Balance at December 31, 2022	**14,982,997**	**354,206**	**-**	**8,241**	**(194,626)**	**167,821**
Share-based compensation (Note 7(e))	-	-	-	378	-	378
Reversal of share-based compensation (Note 7(e))	-	-	-	(598)	-	(598)
Net loss for the period	-	-	-	-	(106,042)	(106,042)
Balance at March 31, 2023	**14,982,997**	**354,206**	**-**	**8,021**	**(300,668)**	**61,559**

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

Scout Minerals Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

Cash provided by (used in)		**For the three months ended March 31, 2023**		**For the three months ended March 31, 2022**
Cash flows used in operating activities				
Net loss for the period	$	(106,042)	$	(16,695)
Non-cash transactions:				
Amalgamation expense		-		4,000
Share-based compensation		378		2,640
Reversal of share-based compensation		(598)		-
Changes in operating assets and liabilities:				
Other receivables		(3,645)		(375)
Prepaid expenses		(78,845)		-
Accounts payable and accrued liabilities		37,855		5,118
Net cash used in operating activities		**(150,897)**		**(5,312)**
Cash flows used in investing activities				
Option payment for mineral property interest		(5,000)		(17,500)
Net cash used in investing activities		**(5,000)**		**(17,500)**
Cash flows provided by financing activities				
Issuance of special warrants		-		156,301
Net cash provided by financing activities		**-**		**156,301**
Increase (decrease) in cash		(155,897)		133,489
Cash, beginning of period		173,547		197,091
Cash, end of period	**$**	**17,650**	**$**	**330,580**

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

1. NATURE OF OPERATIONS

Scout Minerals Corp. (the "Company") 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. The Company commenced trading on the Canadian Securities Exchange ("CSE") on July 14, 2022, under the stock symbol "SCTM".

The Company's head office along with registered and records office is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

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 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 common 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 common shares issued by the Company pursuant to the Amalgamation were valued at $4,000 (Note 7(b)). 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 1341715 was cancelled and replaced by one common share in the capital of Amalco. The Amalgamation took effect January 13, 2022.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of the condensed interim consolidated financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

These condensed interim consolidated financial statements are presented in Canadian dollars.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 23, 2023.

Basis of Consolidation

These condensed interim consolidated 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.

2. BASIS OF PRESENTATION (CONTINUED)

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions have been eliminated upon consolidation.

Going Concern

These condensed interim consolidated 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. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

At March 31, 2023, the Company had an accumulated deficit of $300,668 (December 31, 2022 - $194,626) and working capital deficit of $5,941 (December 31, 2022 – surplus of $105,321). The Company has not generated any revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

The Company'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 the Company to continue as a going concern for the 12-month period after the date of these condensed interim consolidated 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.

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.

Covid-19

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 condensed interim consolidated 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2022, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4. ESTIMATES AND JUDGEMENTS

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2022.

5. 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 March 31, 2023, 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
Balance, December 31, 2022	$	62,500
Extension letter acceptance fee		5,000
Acquisition costs paid at March 31, 2023	$	67,500

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
Common share issuances		
• on the 12-month anniversary of the Go Public Transaction		250,000 Common shares
• on the 24-month anniversary of the Go Public Transaction		350,000 Common shares
• on the 36-month anniversary of the Go Public Transaction		500,000 Common shares
		1,100,000 Common shares

The option agreement was amended in an extension letter dated January 26, 2023, to extend the date of the 12-month anniversary of the Go Public Transaction to June 30, 2023, thus extending the deadline of the payment of $50,000 and the issuance of 250,000 common shares to June 30, 2023. As consideration for the foregoing amendments, the Optionee agreed to pay the Optionor $5,000 within 30 days of acceptance of the extension letter.

(Expressed in Canadian dollars)

5. EXPLORATION PROPERTY INTEREST (CONTINUED)

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.

It is the Company's policy to expense exploration and evaluation expenditures in the condensed interim consolidated statements of loss and comprehensive loss. There were no exploration and evaluation expenditures during the three months ended March 31, 2023 and 2022.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		As at March 31, 2023		As at December 31, 2022
Accounts payable	$	23,200	$	56,362
Accrued liabilities		82,881		11,864
	$	106,081	$	68,226

7. SHARE CAPITAL

a) Authorized

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

b) Issued

For the three months ended March 31, 2023:

There was no share capital activity during the three months ended March 31, 2023.

As at March 31, 2023, the Company holds 137,062 common shares in escrow pursuant to the rules of the CSE.

For the three months ended March 31, 2022:

On January 13, 2022, pursuant to the Amalgamation (Note 1), the Company issued 200,000 common shares with a fair value of $4,000 which was determined with reference to the price of the common shares issued on December 1, 2021.

c) *Warrants*

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

	Number of warrants	Weighted-average exercise price
Balance, December 31, 2021	8,979,999	$ 0.10
Issued on conversion of special warrants (Note 7(d))[1]	2,303,000	$ 0.118
Balance, December 31, 2022 and March 31, 2023	11,282,999	$ 0.104

[1] Issued on June 28, 2022, pursuant to conversion of special warrants (see Note 7(d)); each warrant is exercisable into a common share for a period of two years from the date of issue and have exercise prices of $0.10 or $0.15.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

c) *Warrants (continued)*

As of March 31, 2023, 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 March 31, 2023, the Company holds 90,000 warrants in escrow pursuant to the rules of the CSE.

As of March 31, 2023, the weighted-average remaining life of the outstanding warrants was 0.79 years (December 31, 2022: 1.04 years).

d) *Special Warrants*

As at March 31, 2023, all previously issued special warrants (in aggregate, 2,303,000; December 31, 2022: 2,303,000), had been converted. A summary of special warrant transactions is as follows:

					Converted to number of	
Date of issue	Number of special warrants	Price per special warrant	Aggregate gross proceeds	Date of conversion	Common shares (Note 7(b))	Warrants (Note 7(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.

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 common 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 5 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 8). 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 common 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. Share-based compensation of $2,640 was recognized during the three months ended March 31, 2022, in relation to the 50,000 Options issued.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

e) Stock options (continued)

On August 24, 2022, the Company awarded an aggregate of 105,000 Options to certain officers and directors of the Company (Note 8). Each Option has a 3-year term from the date of the award and is exercisable at a price of $0.10 per common share. 45,000 of the Options awarded vested immediately and the remaining 60,000 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 with the following assumptions applied: no expected dividends to be paid; volatility of 100%; risk-free interest rate of 3.44%; and expected life of 3 years. However, pursuant to the resignation of one of the recipients on February 23, 2023, 20,000 Options were forfeited, and a further 60,000 Options will be forfeited on May 24, 2023. Share-based compensation of $378 (March 31, 2022 - $Nil) was recognized during the three months ended March 31, 2023 in relation to 20,000 Options that vested on February 23, 2023. During the three months ended March 31, 2023 there was a reversal of share-based compensation of $598 (March 31, 2022 - $Nil) in relation to the forfeiture of 20,000 Options on February 23, 2023.

The following is a summary of the Company's Options for the year ended December 31, 2022, and the three months ended March 31, 2023:

	Number of Options	Weighted-average exercise price
Balance, December 31, 2021	-	$ -
Issued	155,000	0.10
Forfeited	(25,000)	0.10
Balance, December 31, 2022	130,000	$ 0.10
Forfeited	(20,000)	0.10
Balance, March 31, 2023	130,000	$ 0.10

The weighted average remaining life for the outstanding options at March 31, 2023 is 0.83 years.

f) Basic and diluted loss per common share

There were no in-the-money dilutive securities outstanding as at March 31, 2023.

Loss per share is calculated as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Loss attributable to shareholders	$ (106,042)	$ (16,695)
Basic and diluted weighted average number of shares outstanding	14,982,997	12,651,108
Loss per share	$ (0.01)	$ (0.00)

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties, other than specifically disclosed, are non-interest bearing, unsecured, and have no fixed terms of repayments.

8. RELATED PARTY TRANSACTIONS (CONTINUED)

During the three months ended March 31, 2023, the Company incurred management fees of $5,000 for the President and Chief Executive Officer ("CEO"), $1,800 for the Chief Financial Officer ("CFO"), and $3,581 for consulting fees provided by a director of the Company. During the three months ended March 31, 2022, the Company incurred $2,500 of bookkeeping services performed by the former CFO of the Company.

At March 31, 2023, the Company owed $10,631 (December 31, 2022 - $Nil) to related parties for management fees and consulting fees.

On February 23, 2023, the former CFO of the Company resigned and forfeited 20,000 Options while their remaining 60,000 Options will forfeit on May 24, 2023, 90 days after their resignation. The Company recognized share-based compensation of $378 in relation to the vesting of the 60,000 Options during the three months ended March 31, 2023. The Company also recognized a reversal of share-based compensation of $598 in relation to the forfeiture of 20,000 Options issued to the former CFO during the three months ended March 31, 2023.

During the three months ended March 31, 2022, the Company recognized $2,640 of share-based compensation in relation to 50,000 Options issued to directors of the Company which vested immediately.

During the three months ended March 31, 2022, the Company issued 60,000 special warrants to directors and officers of the Company for gross proceeds of $3,000 (Note 7d).

9. 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 undertakes administrative activities in Canada, and is engaged in the acquisition, and potential exploration, and evaluation of mineral property interests. The Company's operations are in one geographic and only one commercial segments.

The net loss for the three months ended March 31, 2023, and the total assets attributable to the geographical locations, as at March 31, 2023, relate only to operations in Canada.

10. 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, other receivables, prepaid expenses and accounts payable 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 March 31, 2023, the balance of cash held on deposit was $17,650. 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.

10. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 shares to ensure there is sufficient capital to meet long term objectives.

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

11. 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 common 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.

12. SUBSEQUENT EVENTS

On April 6, 2023, the Company entered into a claims sale agreement (the "Claims Sale Agreement") to acquire 100% of a large-scale land package prospective for spodumene-bearing lithium pegmatites in Northern Quebec's under-explored Nunavik region which hosts two operating nickel mines. The Company's plan is to carry out an extensive near-term exploration program that includes drill testing of high priority targets over the coming months given abundant outcrop including many mapped pegmatites over 1,408 sq. km of Scout's leading Nunavik land position.

The Agreement includes the acquisition of large strategic claim blocks in three areas of Nunavik never previously recognized for the potential of hosting high-grade lithium mineralization. Nunavik comprises more than one-third of Quebec, underscoring the scale potential of this geologically rich part of the province.

The Nunavik Lithium projects include:

- **Raglan West District** - 443 sq. km claim block beginning 33 km southwest of the community of Salluit which has year-round airport access and a seasonal port for barge landing;
- **Raglan South District** - 229 sq. km claim block which contains 12.3% of the 99.96 percentile lithium samples in lake sediments in the Quebec government data base (7 widely spaced samples out of the top 57 samples in the province's entire data base) that contain >60 ppm Li), approximately 80 km southwest of the Raglan Nickel Mine;
- **New Leaf District** - 736 sq. km covering multiple claim blocks in areas of overlapping geochemical and geophysical anomalies in favorable geology, 120 km southwest of the community of Tasiujaq and approximately 350 km south of Raglan South.

The Agreement also includes the acquisition of 333 sq. km in the North Shore region of Quebec, also considered prospective for spodumene-bearing lithium pegmatites. In total, including the Nunavik properties, the Agreement comprises 3,819 active claims and 21 pending claims covering approximately 172,681 hectares.

12. SUBSEQUENT EVENTS (CONTINUED)

The Company is purchasing the above-mentioned claims from Shawn Ryan and Syndicate in exchange for $1,200,000 in cash, 8,000,000 common shares of the Company (the "**Consideration Shares**"), and the grant of a 1% net smelter return (NSR) royalty. The Consideration Shares will be subject to an escrow arrangement whereby one-third (1/3) of the Consideration Shares will be released from escrow every six (6) months after the closing of the Agreement ("**Closing**"), with the first such release date to occur on the date that is six months from Closing. The Agreement is subject to customary closing conditions. Closing was originally expected to occur on or about May 5, 2023 and was later extended to May 31, 2023.

In connection with the above agreement, the Company intends to complete a non-brokered private placement financing (the "**Concurrent Financing**"). On April 17, 2023, the Company updated the terms of the concurrent private placement originally defined in a news release on April 13, 2023. The updated terms describe a non-brokered private placement in one or more tranches of:

(i) up to 2,307,692 Quebec super flow-through subscription receipts of the Company (the "**Super FT Subscription Receipts**"), at a price of $0.65 per Super FT Subscription Receipt for gross proceeds of approximately $1,500,000;

(ii) up to 2,500,000 flow-through subscription receipts of the Company (the "**FT Subscription Receipts**"), at a price of $0.60 per FT Subscription Receipt for gross proceeds of approximately $1,500,000;

(iii) up to 10,000,000 non-flow-through subscription receipts of the Company (the "**Non-FT Subscription Receipts**"), at a price of $0.50 per Non-FT Subscription Receipt for gross proceeds of $5,000,000 (collectively, the "**Offering**").

Proceeds of the Concurrent Financing will be held in escrow, pending the completion of the Acquisition (the "**Condition Precedent**"). Upon satisfaction of the Condition Precedent, each:

(i) Super FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flow-through common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "**Super FT Warrant**"), with each Super FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "**Super FT Warrant Share**") at a price of $0.85 per Super FT Warrant Share for a period of two years after the date of issuance;

(ii) FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) and one-half of one flowthrough common share purchase warrant that qualifies as a "flow-through share" as defined in the Income Tax Act (Canada) (each whole flow-through common share purchase warrant, a "**FT Warrant**"), with each FT Warrant entitling the holder to purchase one common share in the capital of the Company (a "**FT Warrant Share**") at a price of $0.85 per FT Warrant Share for a period of two years after the date of issuance; and

(iii) each Non-FT Subscription Receipt will be automatically converted into one unit of the Company comprising one common share in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Non-FT Warrant**"), with each Non-FT Warrant entitling the holder to purchase one common share (a "**Non-FT Warrant Share**") at a price of $0.75 per Non-FT Warrant Share for a period of two years after the date of issuance. The proceeds of the Offering, upon satisfaction of the Condition Precedent, will be used for qualified expenditures in respect of the claims to be acquired pursuant to the Acquisition and general working capital.

12. SUBSEQUENT EVENTS (CONTINUED)

On April 21, 2023, 1,803,313 warrants were exercised for gross proceeds of $183,074.

On April 27, 2023, 500,000 warrants were exercised for gross proceeds of $50,000.

On May 16, 2023, 150,000 warrants were exercised for gross proceeds of $22,500.