ATCO MINING INC.
(FORMERLY EV VENTURES INC.)

FINANCIAL STATEMENTS

For the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021

Expressed in Canadian Dollars

HAY & WATSON | Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Atco Mining Inc. (formerly EV Ventures Inc.)

Opinion

We have audited the financial statements of Atco Mining Inc. (formerly EV Ventures Inc.) (the "Company"), which comprise the statement of financial position as at December 31, 2022 and 2021, the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021, in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We 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 International Financial Reporting Standards, 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
Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Essop Mia.

Hay + Watson

Chartered Professional Accountants
Vancouver, BC, Canada
April 28, 2023

ATCO MINING INC. (FORMERLY EV VENTURES INC.)
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021
Expressed in Canadian Dollars

		2022		2021
ASSETS				
Current Assets				
Cash	$	673,486	$	295,498
Prepaid expenses		168,602		10,000
Total current assets		842,088		305,498
Exploration and evaluation assets (Note 4)		415,829		148,781
TOTAL ASSETS	**$**	**1,257,917**	**$**	**454,279**
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	$	96,570	$	51,973
TOTAL LIABILITIES		**96,570**		**51,973**
Equity				
Share capital (Note 5)		1,603,359		429,829
Share reserve (Note 5)		251,298		-
Deficit		(693,310)		(27,523)
Total equity		1,161,347		402,306
TOTAL EQUITY AND LIABILITIES	**$**	**1,257,917**	**$**	**454,279**

Nature and continuance of operations (Note 1)
Commitments (Note 8)

Approved and authorized for issue on behalf of the Board on April 28, 2023

"Alex Klenman"
ALEX KLENMAN

"Brian Shin"
BRIAN SHIN

ATCO MINING INC. (FORMERLY EV VENTURES INC.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021
Expressed in Canadian Dollars

		Year ended December 31, 2022		Period from incorporation to December 31, 2021
EXPENSES				
Accounting and audit	$	53,560	$	-
Advertising and marketing		16,958		-
Bank charges		754		378
Consulting fees		148,183		-
Filing fees		49,335		-
Office expenses		27,085		-
Professional fees		101,237		27,145
Share-based compensation (Notes 5, 6)		268,675		-
Total expenses		665,787		27,523
Net loss and comprehensive loss for the period	$	(665,787)	$	(27,523)
Basic and diluted loss per share	$	(0.04)		$ (0.00)
Weighted average number of shares outstanding		17,253,829		13,185,163

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

ATCO MINING INC. (FORMERLY EV VENTURES INC.)
STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021
Expressed in Canadian Dollars

	Number of shares	Share capital	Share reserve	Deficit	Total equity
Balances, January 28, 2021 (the date of incorporation)	**-**	$ -	$ -	$ -	$ -
Share issued on incorporation	1	-	-	-	-
Shares issued for cash (Note 5)	14,500,000	425,000	-	-	425,000
Share issue costs (Note 5)	-	(15,171)	-	-	(15,171)
Shares issued for mineral property acquisition (Note 4)	400,000	20,000	-	-	20,000
Net loss for the period	-	-	-	(27,523)	(27,523)
Balances, December 31, 2021	**14,900,001**	**$ 429,829**	**$ -**	**$ (27,523)**	**$ 402,306**

	Number of shares	Share capital	Share reserve	Deficit	Total equity
Balances, December 31, 2021	**14,900,001**	**$ 429,829**	**$ -**	**$ (27,523)**	**$ 402,306**
Shares issued for cash (Note 5)	10,000,000	1,000,000	-	-	1,000,000
Share issuance cost (Note 5)	-	(177,399)	60,849	-	(116,550)
Shares issued for mineral property acquisition (Note 4)	1,300,000	247,000	-	-	247,000
Exercise of warrants (Note 5)	257,024	43,080	(17,377)	-	25,703
Share-based compensation (Notes 5, 6)	-	-	268,675	-	268,675
Net loss for the year	-	-	-	(665,787)	(665,787)
Balances, December 31, 2022	**26,457,025**	**$ 1,542,510**	**$ 312,147**	**$ (693,310)**	**$ 1,161,347**

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

ATCO MINING INC. (FORMERLY EV VENTURES INC.)
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2022 and the period from the date of incorporation on January 28, 2021 to December 31, 2021
Expressed in Canadian Dollars

	Year ended December 31, 2022	Period from incorporation to December 31, 2021
OPERATING ACTIVITIES		
Net loss for the year / period	$ (665,787)	$ (27,523)
Non-cash items		
Share-based compensation	268,675	-
Changes in working capital items:		
Accounts payable and accrued liabilities	73,598	51,973
Prepaid expense	(158,602)	(10,000)
Cash (used in) from operating activities	(482,116)	14,450
INVESTING ACTIVITIES		
Exploration and evaluation assets	(49,048)	(128,781)
Cash used in investing activities	(49,048)	(128,781)
FINANCING ACTIVITIES		
Shares issued for cash	1,000,000	425,000
Share issue costs	(116,550)	(15,171)
Exercise of warrants	25,702	-
Cash from financing activities	909,152	409,829
Change in cash	377,988	295,498
Cash, beginning of the year / period	295,498	-
Cash, end of the year / period	**$ 673,486**	**$ 295,498**

Supplemental cash flow information (Note 9).

1. NATURE AND CONTINUANCE OF OPERATIONS

Atco Mining Inc. (formerly, EV Ventures Inc.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on January 28, 2021. The address of the Company's corporate office and its principal place of business is 2200 - 885 West Georgia Street Vancouver BC, V6C 3E8.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

In October 2022, the Company completed its initial public offering. The Company's shares are listed on the Canadian Securities Exchange ("the CSE") under the trading symbol "ACTM".

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At December 31, 2022, the Company has not generated revenue or cash flow from operations to adequately fund its activities and therefore relies principally upon the support of issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The Company has no source of operating revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors, which include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS") as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the Board of Directors of the Company on April 28, 2023.

(b) Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

(c) Significant accounting estimates and judgments

The preparation of these 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 period.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates made, relate to:

For the economic recoverability and probability of future economic benefits of exploration and evaluation assets, Management has determined that exploration, evaluation, and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant judgments made during the preparation of financial statements are:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company has disclosed a material uncertainty regarding going concern in Note 1 which requires the use of management's judgment on the ability of the Company to continue its operations and to develop or acquire a self-sustaining business or assets.

While management believes judgements and the estimates are reasonable, actual results could differ from those judgements and estimates and could impact future results of operations and cash flows.

Exploration and evaluation assets

Pre-exploration costs are expensed are as incurred. Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and transferred to mining assets and amortized over the estimated useful life of the mining assets following commencement of commercial production.

If it is determined that capitalized acquisition, exploration, and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing.

Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Write-downs due to impairment in value are charged to profit or loss.

General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the period in which they are incurred.

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 exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration 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 asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation interests) 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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

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.

Share-based compensation

The Company grants share purchase options and restricted share units to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services like those performed by an employee. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of the stock options is determined using the Black-Scholes option pricing model. The fair value of stock options is recognized to expense over the vesting period. Consideration paid for the shares on the exercise of share purchase options is credited to share capital.

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share issue costs (continued)

The value of compensatory warrants granted to agents in a private placement is determined using the Black-Scholes option pricing model. The fair value of these compensatory warrants are recognized as share issuance costs, with the offsetting credit to reserves.

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. This calculation proved to be anti-dilutive for the periods presented.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Accounts payable and accrued liabilities are classified under amortized cost and carried on the statement of financial position at amortized cost.

As at December 31, 2022, the Company does not have any derivative financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange (continued)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Valuation of equity units issued in private placements

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 most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of the accounts payable and accrued liabilities approximate their fair values due to the expected maturity of these financial instruments.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk is limited to cash. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered minimal.

The maximum exposure to credit risk is equal to the fair value or carrying value of cash.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. 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.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial instrument risk exposure and risk management (continued)

(c) Market risk (continued)

i. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Some of the Company's accounts payable are subject to interest on unpaid balances. Additionally, the Company holds cash balances in an interest-bearing bank account.

ii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

iii. Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. As of December 31, 2022, the Company had no financial assets and liabilities that are subject to currency translation risk.

4. EXPLORATION AND EVALUATION ASSETS

The Company incurred the following exploration and evaluation costs related to the May Lake and Salt Properties (Newfoundland and Labrador project).

4. EXPLORATION AND EVALUATION ASSETS (continued)

	May Lake	Salt Properties	Total
ACQUISITION COST			
Balance, December 31, 2021	**$ 99,000**	**$ -**	**$ 99,000**
Reverse accrued payments	(29,000)	-	(29,000)
Shares issued	-	247,000	247,000
Balance, December 31, 2022	**$ 70,000**	**$ 247,000**	**$ 317,000**
EXPLORATION AND EVALUATION COSTS			
Balance, December 31, 2021	**$ 49,781**	**$ -**	**$ 49,781**
Administration	-	1,250	**1,250**
Assays	-	-	**-**
Claim maintenance	-	6,428	**6,428**
Field supplies	-	-	**-**
Geological	-	1,525	**1,525**
Mapping	-	-	**-**
Staking	-	39,845	**39,845**
Travel	-	-	**-**
Total deferred exploration costs for the period	**49,781**	**49,048**	**98,829**
Balance, December 31, 2022	**$ 119,781**	**$ 296,048**	**$ 415,829**

4. EXPLORATION AND EVALUATION ASSETS (continued)

	May Lake	Salt Properties	Total
ACQUISITION COST			
Balance, January 28, 2021	$ -	$ -	$ -
Cash payments	50,000	-	50,000
Accrued payments	29,000		29,000
Shares issued	20,000	-	20,000
Balance, December 31, 2021	**$ 99,000**	**$ -**	**$ 99,000**
EXPLORATION AND EVALUATION COSTS			
Balance, January 28, 2021	-	-	-
Administration	1,453	-	1,453
Assays	2,543	-	2,543
Geological	18,157	-	18,157
Field supplies	1,237	-	1,237
Mapping	13,850	-	13,850
Travel	12,541	-	12,541
Total deferred exploration costs for the period	$ 49,781	**$** -	$ 49,781
Balance, December 31, 2021	**$ 148,781**	**$ -**	**$ 148,781**

May Lake Mineral Property

On May 1, 2021, the Company signed a Mineral Property Acquisition Agreement to purchase a 100% interest in the May Lake Mineral Property (May Lake) located in the Province of Saskatchewan, Canada. Under the terms of the agreement, the Company must issue 400,000 common shares (issued with fair value of $20,000), pay $50,000 in cash (paid) and spend a total of $30,000 on exploration on or before June 30, 2021 (spent).

After earning a 100% interest in the property, the Company shall pay the optionor a net smelter returns royalty ("NSR") of 2%, provided the Company may purchase 1/2 of the NSR for total consideration of $1,000,000 subject to certain conditions. Following the exercise of the option, and in addition to the NSR, the Company shall pay to the optionor the bonus of $1,000,000 upon the publication of a geological report, in the form prescribed by NI 43-101, disclosing a measured and indicated resource within the boundaries of the May Lake Property of at least 1,000,000 gold equivalent ounces. At the discretion of the Company, the bonus will be payable in cash or common shares, or any combination thereof.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Salt Properties (Newfoundland and Labrador Project)

On March 9, 2022, the Company signed a Mineral Property agreement to purchase 100% interest in the Newfoundland and Labrador Project Mineral Property located in the Province of Newfoundland and Labrador, Canada. Under the terms of the agreement, the Company must:

(a) Issue 600,000 consideration shares on the Effective date (issued with fair value of $30,000);

(b) 1,200,000 Consideration Shares on the 14-month anniversary of the date the common shares of the Purchaser are listed for trading on the Canadian Securities Exchange (the "Listing Date");

(c) 600,000 Consideration Shares on the 18-month anniversary of the Listing date; and

(d) 600,000 Consideration Shares on the 24-month anniversary of the Listing date.

Following the completion of the issuance of the consideration shares, and exercise of the option in full, the Company shall be the beneficial owner of the claims, subject to a two percent royalty on returns from the commercial production of minerals from the Claims in favor of the Vendor. One half of the royalty may be purchased by the Company through a cash payment of $1,000,000 to the Vendor.

The Salt properties are comprised of the following projects:

<u>Lunar North Project</u>

On November 3, 2022, the Company acquired the Lunar North project which consists of 16 claims, totaling 400 hectares, strategically located on the western boundary of the Atlas Salt Inc. property which has an inferred resource of 908 million tonnes of salt grading 96.9 per cent NaCl (sodium chloride).

<u>Blue Moon Project</u>

On November 3, 2022, the Company acquired the Blue Moon project which consists of nine claim blocks totaling 225 hectares which are located southwest of the Lunar North Project claim boundary.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Salt Properties (Newfoundland and Labrador Project) (continued)

Apollo Project

On November 9, 2022, the Company acquired the Apollo project which consists of 93 mining claims that total 2,325 hectares, located in the St. Georges area, by staking additional mining claims on the west coast of Newfoundland. The Apollo project is now 100% owned by the Company.

Eagle Salt Project

On November 22, 2022, the Company's newly staked claims, named the Eagle salt project, consist of mineral claims totaling 10,575 hectares and are 100% owned by the Company.

Adonis Project

On December 6, 2022, the Company staked a new project, Adonis Project which consists of 90 claims, totaling 4,750 hectares on the west coast of Newfoundland. The project is 100% owned by the Company.

Rocky Salt Project

On December 20, 2022, the Company acquired a claim block on the west coast of Newfoundland in the St. George Bay basin area.

The project was acquired from certain arm's-length vendors pursuant to the terms of a mineral property acquisition agreement. In consideration for the project, the Company issued an aggregate of 700,000 common shares and will issue an additional 1.05 million common shares on the 12-month anniversary of closing. All common shares issued in connection with the acquisition of the project are subject to a statutory hold period for four-months-and-one-day following issuance.

As further consideration for the acquisition of the project, the company has granted the vendors a 2% royalty on commercial production from the project. One-half of the royalty may be purchased by the company at any time for a cash payment of $1-million.

5. SHARE CAPITAL

Share Capital

(a) Authorized:

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

(b) As at December 31, 2022 the Company has 26,457,024 common shares issued and outstanding.

During the year ended December 31, 2022:

i. On March 9, 2022, the Company issued 600,000 common shares at a fair value of $0.05 per share as partial consideration for the Salt Properties (Note 4).

ii. On October 25, 2022, the Company completed its initial public offering and issued 10,000,000 common shares were issued at a purchase price of $0.10 per common share. The Company paid issuance cost of $116,550.

iii. In November and December 2022, the agents exercised 257,024 warrants for 257,024 common shares.

iv. On December 20, 2022, 700,000 common shares were issued at a fair value of $0.31 per share as partial consideration for the Rocky Salt Project, part of the Company's Salt Properties (Note 4).

During the period from incorporation on January 28, 2021 to December 31, 2021:

i. The Company issued 10,000,000 common shares at a fair value of $0.02 per share for gross proceeds of $200,000.
ii. The Company issued 4,500,000 common shares at a price of $0.05 for gross proceeds of $225,000. The company spent $2,671 in share issue costs.
iii. The Company issued 400,000 common shares at a fair value of $0.05 for mineral property acquisition (Note 4).

5. SHARE CAPITAL (continued)

Warrants

In connection with the IPO completed on October 25, 2022, the Company issued 900,000 non-transferable agents' warrants, with each warrant exercisable for one common share at a price of $0.10 until October 25, 2024. The fair value of the warrants of $60,849 was calculated using Black-Scholes option pricing model with the following assumptions: stock price – $0.10; exercise price – $0.10; expected life – two years; volatility – 135.51%; dividend yield – $nil; and risk-free rate – 4.23%.

Share Purchase Options

The Company has adopted a Stock Option Plan under which the aggregate number of shares that may be issued pursuant to the exercise of the stock options awarded under the Stock Option Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the issued and outstanding Shares at any given time.

During the year ended December 31, 2022:

i. On November 14, 2022, the Company granted 1,000,000 options to directors, officers and arm's length consultants of the Company. The stock options are exercisable for a period of 3 years at a price of $0.20 per share. The stock options vested immediately. The fair value of $135,000 of the stock options granted was calculated using Black-Scholes option pricing model with the following assumptions: stock price - $0.18; exercise price - $0.20; expected life – 3 years; volatility – 133.03%; dividend yield – $nil; and risk-free rate – 3.96%. As of December 31, 2022 the remaining life of the outstanding share options is 2.87 years.

ii. On November 28, 2022, the Company granted 200,000 options to a director of the Company. The stock options are exercisable for a period of 3 years at a price of $0.20. The stock options vested immediately. The fair value of $30,604 of the stock options granted was calculated using Black-Scholes option pricing model with the following assumptions: stock price - $0.20; exercise price - $0.20; expected life – 3 years; volatility – 133.03%; dividend yield – $nil; and risk-free rate – 3.96%. As of December 31, 2022 the remaining life of the outstanding share options is 2.91 years.

iii. On December 20, 2022, the Company granted 100,000 options to an arm's length consultant of the Company. The stock options are exercisable for a period of 2 years at a price of $0.31. The stock options vested immediately. The fair value of $22,000 of the stock options granted was calculated using Black-Scholes option pricing model with the following assumptions: stock price - $0.31; exercise price - $0.31; expected life – 2 years; volatility – 145.70%; dividend yield – $nil; and risk-free rate – 4.23%. As of December 31, 2022 the remaining life of the outstanding share options is 1.97 years.

5. SHARE CAPITAL (continued)

Share Purchase Options (continued)

iv. On December 28, 2022, the Company granted 355,000 options to an arm's length consultant of the Company. The stock options are exercisable for a period of 2 years at a price of $0.285. The stock options vested immediately. The fair value of $62,480 of the stock options granted was calculated using Black-Scholes option pricing model with the following assumptions: stock price - $0.255; exercise price - $0.285; expected life – 2 years; volatility – 145.70%; dividend yield – $nil; and risk-free rate – 4.23%. As of December 31, 2022 the remaining life of the outstanding share options is 1.99 years.

Volatility inputs to the Black-Scholes models above were determined by reference to similar entities to the Company. The effects of early exercise on the expected life was assumed to be nil.

A summary of share options activity is:

	Number of share purchase options	Weighted Average Exercise Price	Weighted Average outstanding share options life
Balance, December 31, 2021	-	$ -	-
Granted	1,655,000	0.22	2.44
Balance, December 31, 2022	1,655,000	$ 0.22	2.44

Details of share options outstanding are:

Expiry date	Exercise price	Number Outstanding	Number Exercisable
November 14, 2025	$ 0.20	1,000,000	1,000,000
November 28, 2025	0.20	200,000	200,000
December 20, 2024	0.31	100,000	100,000
December 28, 2024	$ 0.29	355,000	355,000
		1,655,000	1,655,000

Restricted Share Units

The company has a Restricted Share Unit (RSU) Plan that allows for the granting of RSUs to eligible officers, employees, directors and consultants. The maximum number of shares issuable shares under the RSU Plan at any one time, combined with the grant of options under the Company's Stock Option Plan, is 2,500,000. The maximum RSU term is 10 years.

5. SHARE CAPITAL (continued)

Restricted Share Units (continued)

On December 5, 2022, the Company granted 400,000 short-term RSUs to certain directors of the Company as compensation for ongoing services rendered to the Company. Each RSU represents the right to receive, upon vesting, one common share of the Company. The RSUs granted by the Company will vest on April 5, 2023. The Company valued the RSUs the price of $0.22. During the year ended December 31, 2022, $18,909 in compensation cost was recognized and 400,000 RSUs are outstanding as at December 31, 2022.

6. KEY MANAGEMENT COMPENSATION AND RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). There were no amounts paid or accrued to key management.

	Year ended December 31, 2022	Period from incorporation to December 31, 2021
Share-based compensation	$ 157,509	$ -
Total key management compensation	**$ 157,509**	**$ -**

There were no accruals or payables to related parties as at December 31, 2022.

7. CAPITAL MANAGEMENT

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 of exploration and evaluation assets. The Board of Directors does 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 is dependent on external financing to fund its activities. In order to carry

7. CAPITAL MANAGEMENT (continued)

out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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 December 31, 2022. The Company is not subject to externally imposed capital requirements.

8. COMMITMENTS

The Company is committed to certain cash payments and exploration expenditures as described in Note 4.

9. SUPPLEMENTAL CASH FLOW INFORMATION

<u>During the year ended December 31, 2022</u>

On March 9, 2022 and December 20, 2022, the Company issued 600,000 and 700,000 common shares respectively for mineral properties acquisitions.

During the year ended December 31, 2022, the Company paid non-cash share-based compensation of $329,524 to arm’s length and non-arm’s length parties.

<u>During the period from incorporation on January 28, 2021, to December 31, 2021</u>

The Company issued 400,000 common shares for mineral properties on July 31, 2021.

10. INCOME TAX

The Company's deferred income tax assets and liabilities arise from the following items:

	2022	2021
Deferred tax assets arising from:		
Deductible share issue costs	$ 26,344	$ 3,034
Losses deductible against future taxable income	396,112	27,523
Net deferred tax assets	422,456	30,557
Valuation allowance	(422,456)	(30,557)
Deferred tax assets recognized	$ -	$ -

A reconciliation of the provision for income taxes is as follows:

	2022	2021
Loss before income taxes	**$ 665,787**	$ 27,523
Combined federal and provincial statutory income tax rate	**27%**	27%
Recovery of income taxes based on combined tax rate	**179,762**	7,431
Add (deduct):		
Expenses deductible for tax purposes	**7,113**	819
Expenses not deductible for tax purposes	**(72,542)**	-
Tax effect of losses not recognized	**(114,333)**	(8,250)
Provision for income taxes	**$ -**	$ -

As at December 31, 2022, the Company has non-capital losses of approximately $424,000 for income tax purposes which may be used to reduce taxable income of future years. If unused, these non-capital losses will expire between 2041 and 2042. The potential benefit from these losses has not been recognized in these financial statements as their realization is uncertain.

11. SUBSEQUENT EVENTS

On January 3, 2023, the Company granted 200,000 RSUs to a consultant of the company. The RSUs will vest and convert into common shares on May 4, 2023, provided that the consultant remains involved with the company.

On February 2, 2023, the Company granted 200,000 stock options to purchase common shares of the Company to a consultant. The options vest on the date of issuance and are exercisable for a period of two years from the date of issue at an exercise price of $0.25 per option share. The Company also granted 200,000 RSUs to the consultant. The RSUs will vest and convert into common shares on June 1, 2023.

On February 10, 2023, the Company appointed a new CFO and granted 200,000 stock options to the CFO to purchase common shares of the Company. The options will vest on the date of issue and are exercisable for a period of two years at a price of $0.25 per option share.

On March 7, 2023, the Company closed a non-brokered private placement of 6,712,500 common shares of the company at a price of $0.16 per common share for gross proceeds of $1,074,000. Each unit consists of one common share of the company and one transferable common share purchase warrant, entitling the holder thereof to purchase one additional share at a price of $0.24 until March 7, 2026.

In connection with closing of the private placement, the Company paid finder's fees totaling $26,600. All securities issued in connection with the private placement are subject to a statutory hold period until July 8, 2023, under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada.

On April 24, 2023 the Company and VOA Exploration Inc. (the “Vendor”) entered into an agreement for the purchase of a mineral licence in Newfoundland and Labrador, under which the Company agreed to issue 700,000 restricted common shares and make a cash payment of $20,000 to purchase the licence. Pursuant to the agreement 300,000 common shares will be issued to the Vendor on the closing of the agreement, a further 200,000 common shares or before 12 months after the date of the agreement and a further 200,000 common shares on or before 24 months after the date of the agreement. Following the completion of the share payments, the Company will grant a 2% royalty, freely assignable, on returns from the licence to the Vendor. The royalty can be purchased at any time for $1,500,000.