RUMBLE RESOURCES INC.

Financial Statements

For the Years Ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

dmcl.ca

Independent Auditor's Report

To the Shareholders of Rumble Resources Inc.

Opinion

We have audited the financial statements of Rumble Resources Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2023 and 2022, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended 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 to the financial statements, which describes events or conditions that indicate 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 other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

Yours truly,

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 30, 2023

RUMBLE RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian Dollars)

	July 31, 2023 $	July 31, 2022 $
ASSETS		
Current assets		
Cash	98,137	204,525
Taxes recoverable	4,357	1,439
Prepaid expenses	30,000	30,294
Total current assets	132,494	236,258
Exploration and evaluation assets (Note 3)	100,000	75,000
Total assets	232,494	311,258
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	50,495	67,535
Due to related party (Note 4)	14,725	30,394
Note payable to related party (Note 4)	5,000	–
Total liabilities	70,220	97,929
Shareholders' equity		
Share capital (Note 5)	363,610	100,000
Equity reserve (Note 6)	76,651	61,307
Special warrants (Note 7)	–	251,450
Deficit	(277,987)	(199,428)
Total shareholders' equity	162,274	213,329
Total liabilities and shareholders' equity	232,494	311,258

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 13)

Approved and authorized for issuance on behalf of the Board of Directors on October 30, 2023:

/s/ "Brian Goss"	*/s/ "Erwin Wong"*
Brian Goss, Director	Erwin Wong, Director

(The accompanying notes are an integral part of these financial statements)

RUMBLE RESOURCES INC.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended July 31, 2023 $	For the year ended July 31, 2022 $
Expenses		
Professional fees	26,928	33,257
Consulting fees (Note 4)	18,000	18,525
General and administrative (Note 4)	6,386	1,520
Share-based compensation (Note 4 and 6)	15,344	41,011
Transfer agent and filing fees	11,901	5,916
Total expenses	78,559	100,229
Net loss and comprehensive loss for the year	(78,559)	(100,229)
Loss per share, basic and diluted	(0.03)	(0.05)
Weighted average shares outstanding, basic and diluted	2,701,775	2,000,000

(The accompanying notes are an integral part of these financial statements)

RUMBLE RESOURCES INC.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Equity	Special		Total shareholders'
	Number of shares	Amount $	reserves $	warrants $	Deficit $	equity $
Balance, July 31, 2021	2,000,000	100,000	20,296	251,450	(99,199)	272,547
Share-based compensation (Note 6)	–	–	41,011	–	–	41,011
Net loss for the year	–	–	–	–	(100,229)	(100,229)
Balance, July 31, 2022	2,000,000	100,000	61,307	251,450	(199,428)	213,329
Issuance of shares pursuant to property option agreement (Note 5)	250,000	25,000	–	–	–	25,000
Exercise of special warrants (Note 5)	4,952,000	251,450	–	(251,450)	–	–
Share issuance costs (Note 5)	–	(12,840)	–	–	–	(12,840)
Share-based compensation (Note 6)	–	–	15,344	–	–	15,344
Net loss for the year	–	–	–	–	(78,559)	(78,559)
Balance, July 31, 2023	7,202,000	363,610	76,651	–	(277,987)	162,274

(The accompanying notes are an integral part of these financial statements)

RUMBLE RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended July 31 2023 $	For the year ended July 31, 2022 $
Operating activities		
Net loss for the year	(78,559)	(100,229)
Items not involving cash:		
Share-based compensation	15,344	41,011
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	(17,040)	13,342
Tax recoverable	(2,918)	(1,439)
Due to related party	(15,669)	18,315
Prepaid expenses	294	(5,294)
Net cash used in operating activities	(98,548)	(34,294)
Financing activities		
Share issuance costs	(12,840)	–
Proceeds from note payable to related party	5,000	–
Net cash used in financing activities	(7,840)	–
Change in cash	(106,388)	(34,294)
Cash, beginning of year	204,525	238,819
Cash, end of year	98,137	204,525
Non-cash investing and financing activities:		
Issuance of shares pursuant to property option agreement	25,000	–
Exercise of special warrants	251,450	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

Rumble Resources Inc. (formerly Rumble Capital Corp.) (the "Company"), was incorporated under the laws of British Columbia, Canada on June 23, 2017, and on December 14, 2020, the name was changed to Rumble Resources Inc. The Company's principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company's registered office is 741 Harbourfront Drive N.E., Salmon Arm, BC, V1E 3L4. On September 5, 2023, the Company started trading on the Canadian Securities Exchange ("CSE") under the symbol "RB".

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at July 31, 2023, the Company has not generated any revenue and has accumulated losses of $277,987 since inception. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

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

These financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include fair value of share-based payments, the recoverability of exploration and evaluation assets, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. Summary of Significant Accounting Policies (continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Financial Instruments

(i) Classification

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

The following table shows the classification of financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	Amortized cost
Accounts payable	Amortized cost
Due to related party	Amortized cost
Note payable to related party	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

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

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(e) Leases

In accordance with IFRS 16, *Leases*, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets. This replaced the previous requirement to recognize a provision for onerous lease contacts.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of comprehensive loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets, and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, or on another systematic basis if that basis is more representative of the pattern of the lessee's benefit, as permitted by IFRS 16.

2. Summary of Significant Accounting Policies (continued)

(f) Share Capital

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

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

(g) 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. 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 the statement of operations. 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 income tax

Deferred income tax is provided using the statement of financial position method 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 income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income 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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Loss Per Share

Basic loss per share is computed using the weight average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at July 31, 2023, the Company had 5,675,000 (2022 – 5,752,000) potentially dilutive shares outstanding.

2. Summary of Significant Accounting Policies (continued)

(i) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument 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 corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(j) Exploration and Evaluation Assets

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

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

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

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

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

(k) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the consolidated statement of comprehensive loss.

(Expressed in Canadian Dollars)

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of comprehensive loss.

(l) Recently Adopted Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Exploration and Evaluation Assets

Mineral property acquisition costs:

	Woolford Creek Property $
Balance, July 31, 2021, and July 31, 2022	75,000
Additions	25,000
Balance, July 31, 2023	100,000

<u>Woolford Creek Property</u>

On October 15, 2020, as amended on May 20, 2021, April 1, 2022, July 13, 2022, and September 20, 2022, and March 31, 2023, the Company entered into a Mineral Property Option Agreement (the "Agreement"), whereby the Company was granted an option to acquire a 100% interest in 8 mining claims located in the Adams Lake area of the Kamloops Mining Division, BC (the "Woolford Creek Property"). Pursuant to the Agreement, the Company must make the following payments and expenditures in order to keep the option in good standing:

i) $35,000 upon execution of the Agreement (paid);
ii) Issuance of 250,000 common shares after the date that the British Columbia Securities Commission issues a final receipt for the Company's initial public offering prospectus (issued at a fair value of $25,000);
iii) $40,000 within four months of execution of the Agreement (paid);
iv) Fund exploration and development work on the Property of at least $100,000 by December 31, 2023; and
v) Fund exploration and development work on the Property of at least an additional $200,000 by December 31, 2024.

Once the above payments have been made, the Company can exercise the option and acquire 100% of the right, title and interest in the Woolford Creek Property. The Agreement may be terminated, and the transactions contemplated by the Agreement may be abandoned, at any time prior to the closing date by written agreement of the vendor and the Company upon the failing of the Company to make the required payments. The vendor shall retain a 2% net smelter royalty (subject to an optional repurchase of 1% of the NSR by the Company for $1,000,000) in respect of all products produced from the property.

(Expressed in Canadian Dollars)

4. Related Party Transactions

During the year ended July 31, 2023, the Company incurred consulting fees of $18,000 (2022 – $18,525) and rent of $6,000 (2022 - $1,000) to directors of the Company. As at July 31, 2023, the Company owed $14,725 (2022 – $30,394) to a director of the Company. The amounts are non-interest bearing, unsecured and due on demand.

During the year ended July 31, 2023, the Company recognized share-based compensation of $15,344 (2022 – $41,011) for officers and directors of the Company.

On April 6, 2023, the Company entered into a promissory note agreement for $5,000 with a director of the Company, which is unsecured, non-interest bearing and due on demand any time after June 15, 2024.

5. Share Capital

Authorized: Unlimited common shares without par value.

On June 7, 2023, the Company issued 250,000 common shares with a fair value of $25,000 pursuant to a Mineral Property Purchase Agreement for the Woolford Creek Property (Note 3).

On June 12, 2023, the Company issued 77,000 common shares and 4,875,000 Units upon the exercise of special warrants (Note 7). Each Unit consists of one common share and one common share purchase warrant, with each common share purchase warrant exercisable at $0.10 per share for a period of 5 years following the date the Company lists on a stock exchange. Using the residual value method, no value was allocated to the common share purchase warrants. In connection with the issuance of Units, the Company recognized share issuance costs of $12,840.

Escrow shares

At July 31, 2023, the Company has 2,000,000 common shares held in escrow, which will be conditionally released from escrow in stages over a period of up to three years following the date of listing of the Company's common shares.

6. Stock Options

The Company's Board of Directors approved a stock incentive plan dated May 19, 2021. The Board of directors is authorized to grant options to directors, officers, and employees to acquire up to 10% of the issued and outstanding commons shares of the Company. The exercise price will not be less than the discounted market price defined in the policies of the TSX Venture Exchange (the "Exchange"). The options that may be granted under this plan must be exercisable for over a period of not exceeding ten years, provided the Company is listed on the Exchange.

The following table summarizes information about the options at July 31, 2023, and 2022, and the changes for the years then ended:

	Number of options	Weighted average exercise price $
Options outstanding – July 31, 2021, 2022, and 2023	800,000	0.10
Options exercisable – July 31, 2021, 2022, and 2023	–	–

The options are exercisable for a term of 10 years commencing from the date that the Company's shares are listed.

The grant date fair value of stock options was determined using the Black-Scholes Option Pricing Model. During the year ended July 31, 2023, the Company recognized share-based compensation expense of $15,344 (2022 – $41,011) in equity reserves, which pertains to officers and directors of the Company, for the portion of the stock options expected to vest.

(Expressed in Canadian Dollars)

6. Stock Options (continued)

Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2023	2022
Risk-free interest rate	1.58%	1.58%
Dividend yield	0%	0%
Expected volatility	134%	134%
Expected forfeitures	0%	0%
Expected life (years)	10	10

Equity reserve

The equity reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

7. Special Warrants

(a) On March 19, 2021, the Company completed a private placement of 4,875,000 special warrants at $0.05 per special warrant for gross proceeds of $243,750. Each special warrant entitles holders to acquire, without payment of any consideration in addition to that already paid, one common share of the Company and one transferrable share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share of the Company for a period of five years from the date the Company's shares commence trading on a recognized stock exchange at a price of $0.10 per share. All unexercised special warrants will be deemed to be exercised on the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the Provinces of Canada where the special warrants were sold (the "Final Prospectus Date"). On June 12, 2023, 4,875,000 special warrants were exercised (Note 5).

(b) On April 13, 2021, the Company completed a private placement of 77,000 special warrants at $0.10 per special warrant for gross proceeds of $7,700. Each special warrant entitles subscribers to acquire, without payment of any consideration in addition to that already paid, one common share of the Company. All unexercised special warrants will be deemed to be exercised on the Final Prospectus Date. On June 12, 2023, 77,000 special warrants were exercised (Note 5).

The following table summarizes information about the special warrants during the years ended July 31, 2023, and 2022:

	Number of special warrants	Weighted average exercise price $
Balance, July 31, 2021 and 2022	4,952,000	*
Exercised	(4,952,000)	*
Balance, July 31, 2023	–	–

*The special warrants were exercised by the holders for no additional consideration.

(Expressed in Canadian Dollars)

8. Warrants

The following table summarizes information about the warrants at July 31, 2023, and 2022, and the changes for the years then ended:

	Number of warrants	Weighted average exercise price $
Warrants outstanding – July 31, 2021, and 2022	–	–
Issued	4,875,000	0.10
Warrants outstanding – Balance, July 31, 2023	4,875,000	0.10

The following table summarizes information about warrants outstanding and exercisable at July 31, 2023:

Exercise price $	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.10	*	4,875,000	*

*All unexercised share purchase warrant will expire five years on the date the Company lists on an exchange

9. Financial Instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable, due to related party, and note payable to related party. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

(a) Fair Values

The Company classifies cash, accounts payable, due to related party and note payable to related party as amortized cost. The fair values of financial instruments, which include cash, accounts payable, due to related party, and note payable to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have significant exposure to these risks.

(Expressed in Canadian Dollars)

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, equity reserve and warrant reserve. The Company manages its capital structure and makes adjustments to it in light of changes to economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

11. Segment Reporting

The Company operates in a single reportable segment, which is the acquisition, exploration and development of exploration and evaluation assets in Canada.

12. Income Taxes

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the loss before income taxes. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2023 $	2022 $
Net loss before income taxes	(78,559)	(100,229)
Statutory income tax rate	27%	27%
Expected income tax recovery at statutory rate	(21,211)	(27,062)
Permanent differences	4,143	5,594
Temporary differences	(3,467)	–
Change in valuation allowance	20,535	21,468
Deferred income tax recovery	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2023 $	2022 $
Non-capital losses	63,307	42,772
Valuation allowance	(63,307)	(42,772)
Deferred income taxes recovered	–	–

As of July 31, 2023, the Company has non-capital tax losses of approximately $247,000 (2022 – $181,000) that may be offset against future Canadian taxable income. These losses expire commencing 2037.

13. Subsequent Event

On September 5, 2023, the Company completed its initial public offering (the “IPO”) pursuant to its June 6, 2023 prospectus and issued 1,725,000 common shares of the Company at $0.10 per share for gross proceeds of $172,500. In connection with the IPO, the Company paid a corporate finance fee of $21,000, an agent’s commission of $17,250, expenses of $35,017 and issued 172,500 Agent Warrants that entitle the holder to purchase one common share of the Company at an exercise price of $0.10 per share until September 5, 2025.