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# **JKS RESOURCES INC.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2022 AND 2021  
(Unaudited - Expressed in Canadian Dollars)

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## **NOTICE OF NO AUDITOR REVIEW**

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management and have been approved by the Audit Committee and the Board of Directors.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

	Note	November 30, 2022 \$	August 31, 2022 \$
<b>ASSETS</b>			
Current assets			
Cash		597,545	119,285
Deferred financing costs	5	-	69,007
		597,545	188,292
Reclamation bond		10,267	10,267
Exploration and evaluation asset	4	38,542	36,904
Total assets		646,354	235,463
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		15,908	20,989
		15,908	20,989
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	828,650	406,750
Reserves	5	27,526	-
Deficit		(225,730)	(192,276)
		630,446	214,474
Total liabilities and shareholders' equity		646,354	235,463

Nature of operations and going concern (Note 1)  
Subsequent event (Note 8)

“Gunther Roehlig” Director

“Darien Lattanzi” Director

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three months ended November 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

	Note	2022 \$	2021 \$
<b>EXPENSES</b>			
Consulting fees	6	3,390	3,390
Transfer agent, filing and listing fees		14,985	-
Foreign exchange (gain)/loss		(139)	(66)
Office expenses		2,090	289
Professional fees	6	13,128	3,228
		(33,454)	(6,841)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		(33,454)	(6,841)
<b>NET LOSS PER SHARE – BASIC AND DILUTED</b>		(0.00)	(0.00)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		14,920,000	10,270,000

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited - Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital \$	Reserves \$	Deficit \$	Total \$
Balance, August 31, 2021	10,270,000	175,400	-	(91,591)	83,809
Net loss for the period	-	-	-	(6,841)	(6,841)
Balance, November 30, 2021	10,270,000	175,400	-	(98,432)	76,968
Shares issued for cash, net of issuance costs	4,650,000	231,350	-	-	231,350
Net loss for the period	-	-	-	(93,844)	(93,844)
Balance, August 31, 2022	14,920,000	406,750	-	(192,276)	214,474
Shares issued for cash, net of issuance costs	6,500,000	421,900	27,526	-	449,426
Net loss for the period	-	-	-	(33,454)	(33,454)
Balance, November 30, 2022	21,420,000	828,650	27,526	(225,730)	630,446

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the three months ended November 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

	2022	2021
	\$	\$
Operating activities:		
Net loss for the period	(33,454)	(6,841)
Changes in non-cash working capital related to operations:		
Accounts payable and accrued liabilities	(5,081)	211
Net cash used in operating activities	(38,535)	(6,630)
Investing activities:		
Exploration and evaluation assets acquisition cost	(1,638)	-
Net cash used in investing activities	(1,638)	-
Financing activities:		
Shares issued for cash	650,000	-
Share issue costs	(131,567)	-
Net cash provided by financing activities	518,433	-
Change in cash during the period	478,260	(6,630)
Cash – beginning of the period	119,285	19,956
Cash – end of the period	597,545	13,326

**JKS RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three months ended November 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

JKS Resources Inc. ("the Company" or "JKS") was incorporated under the Business Corporations Act of British Columbia on November 9, 2020. The Company is engaged in the exploration and development of mineral properties in Canada. The Company's head office is located at 200 - 550 Denman Street, Vancouver, BC, Canada.

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At November 30, 2022, the Company had accumulated losses of \$225,730 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt as to whether the Company can continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and could have a negative impact on the stock market, including the Company's ability to raise new capital. These factors indicate material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

**2. BASIS OF PREPARATION**

The Company's condensed interim financial statements have been presented in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim financial statements do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited financial statements for the year ended August 31, 2022.

The Company uses the same accounting policies and methods of computation as detailed in the Company's audited financial statements for the year ended August 31, 2022.

**JKS RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three months ended November 30, 2022 and 2021  
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These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

These financial statements were approved by the Board of Directors for issue on January 24, 2023.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2022.

**4. EXPLORATION AND EVALUATION ASSET**

On January 8, 2021, as amended February 5, 2021 and November 9, 2021, the Company entered into an option agreement (the "Option Agreement") with Dorval Exploration Inc. ("Dorval"), to acquire a 100% interest in the Sowchea property (the "Sowchea Property"). The Sowchea Property is located in Fort St James in the Omineca Mining Division in the Province of British Columbia.

To fully exercise the option and acquire a 100% right, title and interest in and to the Sowchea Property, the Company is required to:

- Pay \$25,000 in cash within five business days of the execution of the Option Agreement (paid in January 2021);
- Pay \$25,000 and issue 200,000 common shares within five business days of the listing date (paid and issued in December 2022, see Note 8);
- Pay \$25,000, issue 500,000 common shares and incur exploration expenditures of \$150,000 on or before 18 months after the listing date; and
- Issue 750,000 common shares and incur exploration expenditures of \$500,000 on or before 28 months after the listing date.

Pursuant to the Option Agreement, Dorval reserved a 1% gross over-riding royalty interest payable ("GORR"). The Company has the option at any time to purchase up to 0.5% GORR, by paying \$1,000,000 in cash to Dorval for the 0.5% GORR.



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Below is a summary of the changes in the exploration and evaluation assets during the year ended August 31, 2022 and the three months ended November 30, 2022:

<b>Sowchea Property</b>	<b>\$</b>
<b>Balance, August 31, 2021</b>	31,714
Exploration costs	5,190
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<b>Balance, August 31, 2022</b>	36,904
Exploration costs	1,638
<b>Balance, November 30, 2022</b>	<b>38,542</b>

**5. SHARE CAPITAL**

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – As at November 30, 2022, the Company had 21,420,000 (August 31, 2022 – 14,920,000) common shares issued and outstanding.
- c) **Financings**

**Three months ended November 30, 2022**

- On November 30, 2022, the Company completed its initial public offering (the “IPO”) by issuing 6,500,000 common shares at a price of \$0.10 per share for total gross proceeds of \$650,000. In connection with the IPO, the Company agreed to pay the agent a cash commission equal to 10% of the proceeds and granted the agent an option to acquire 650,000 common shares of the Company at a price of \$0.10 per share until November 30, 2024. The agent’s options were valued at \$27,526 using the Black-Scholes pricing model, with the following assumptions: risk-free rate of 3.86%, expected life of 2 years, expected volatility of 74.20% and expected dividends of Nil. The agent also received a corporate finance fee of \$35,000 plus GST. Previously incurred deferred financing costs of \$69,007 were re-classified to share issue costs upon completion of the IPO. The Company also incurred cash share issue costs of \$29,817.

There were no share transactions during the three months ended November 30, 2021.

**d) Escrowed shares**

As at November 30, 2022, 1,800,000 common shares of the Company were held in escrow. The Company entered into an escrow agreement, whereby 2,000,000 common shares will be held in escrow to be released pro-rata to the shareholders as to 10% on the listing date with the remaining escrow

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shares being released in six equal tranches of 15% every six months for a period of 36 months. The escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

**e) Options**

A summary of the changes in options is presented below:

	Number of options	Weighted average exercise price
		\$
Balance, August 31, 2021	-	-
Balance, August 31, 2022	-	-
Issued	650,000	0.10
<b>Balance, November 30, 2022</b>	<b>650,000</b>	<b>0.10</b>
<b>Exercisable, November 30, 2022</b>	<b>650,000</b>	<b>0.10</b>

The following options were outstanding as at November 30, 2022:

Outstanding	Exercisable	Exercise price	Expiry date	Weighted average remaining life (in years)
		\$		
650,000	650,000	0.10	November 30, 2024	2.00
<b>650,000</b>	<b>650,000</b>	<b>0.10</b>		<b>2.00</b>

**f) Warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, August 31, 2021	-	-
Issued	4,650,000	0.10
<b>Balance, August 31, 2022</b>	<b>4,650,000</b>	<b>0.10</b>
<b>Balance, November 30, 2022</b>	<b>4,650,000</b>	<b>0.10</b>

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The following warrants were outstanding as at November 30, 2022:

Outstanding	Exercise price	Expiry date	Weighted average remaining life (in years)
4,650,000	\$ 0.10	June 10, 2025	2.53
<b>4,650,000</b>	<b>0.10</b>		<b>2.53</b>

**6. RELATED PARTY TRANSACTIONS**

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The Company incurred charges to directors and officers, or to companies associated with these individuals during the three months ended November 30, 2022 and 2021 as follows:

	2022 \$	2021 \$
Accounting fees	4,179	3,228
Consulting fees	3,390	3,390
	<b>7,569</b>	<b>6,618</b>

Key management of the Company includes the CEO, the CFO and the directors. During the three months ended November 30, 2022, compensation paid to key management consisted of consulting fees paid to a company owned by a director, and accounting fees charged by the CFO presented above.

During the period ended August 31, 2021, the Company entered into a consulting agreement with a company owned by a director for \$1,130 per month plus a one-time signing bonus of \$1,000.

**7. SEGMENTED INFORMATION**

The Company is operated in one segment being the mineral exploration and development activities. All of the Company's assets are located in Canada.

**8. SUBSEQUENT EVENT**

In December 2022, the Company paid \$25,000 and issued 200,000 common shares to Dorval, pursuant to the Sowchea Property Option Agreement.