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# **JKS RESOURCES INC.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022  
(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, 2023 \$	August 31, 2023 \$
<b>ASSETS</b>			
Current assets			
Cash		172,733	214,375
GST receivable		3,126	1,187
Prepaid	4	23,057	7,123
		198,916	222,685
Reclamation bond		10,267	10,267
Exploration and evaluation asset	5	234,140	234,140
		443,323	467,092
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		28,748	18,683
		28,748	18,683
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	931,925	853,634
Reserves	6	4,235	27,526
Deficit		(521,585)	(432,751)
		414,575	448,409
		443,323	467,092

Nature of operations and going concern (Note 1)  
Subsequent event (Note 10)

\_\_\_\_\_  
"Gunther Roehlig" Director

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"Darien Lattanzi" Director

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three months ended November 30, 2023 and 2022  
(Unaudited - Expressed in Canadian Dollars)

	Note	2023 \$	2022 \$
<b>EXPENSES</b>			
Consulting fees	7	10,500	3,390
Transfer agent, filing and listing fees		2,960	14,985
Foreign exchange (gain)/loss		(3)	(139)
Marketing		37,397	-
Office expenses		10,077	2,090
Professional fees	7	27,903	13,128
		(88,834)	(33,454)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		(88,834)	(33,454)
<b>NET LOSS PER SHARE – BASIC AND DILUTED</b>		(0.00)	(0.00)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		21,885,934	14,920,000

**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, 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
Shares issued for cash, net of issuance costs	-	(2,016)	-	-	(2,016)
Shares issued for property	200,000	27,000	-	-	27,000
Net loss for the period	-	-	-	(207,021)	(207,021)
Balance, August 31, 2023	21,620,000	853,634	27,526	(432,751)	448,409
Shares issued pursuant of exercise of options	550,000	78,291	(23,291)	-	55,000
Net loss for the period	-	-	-	(88,834)	(88,834)
Balance, November 30, 2023	22,170,000	931,925	4,235	(521,585)	414,575

**JKS RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
For the three months ended November 30, 2023 and 2022  
(Unaudited - Expressed in Canadian Dollars)

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities:</b>		
Net loss for the period	(88,834)	(33,454)
Net change in non-cash working capital items:	8	(7,808)
<b>Net cash used in operating activities</b>	<b>(96,642)</b>	<b>(38,535)</b>
<b>Investing activities:</b>		
Exploration and evaluation assets acquisition cost	-	(1,638)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(1,638)</b>
<b>Financing activities:</b>		
Proceeds of exercise of options	55,000	650,000
Share issue costs	-	(131,567)
<b>Net cash provided by financing activities</b>	<b>55,000</b>	<b>518,433</b>
Change in cash during the period	(41,642)	478,260
Cash – beginning of the period	214,375	119,285
<b>Cash – end of the period</b>	<b>172,733</b>	<b>597,545</b>

**JKS RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three months ended November 30, 2023 and 2022  
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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 1000 - 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

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, 2023, the Company had accumulated losses of \$521,585 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.

**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, 2023.

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, 2023.

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 25, 2024.

**JKS RESOURCES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**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, 2023.

**4. PREPAID**

During the year ended August 31, 2023, the Company entered into a twelve-month investor relations agreement with Maynard Communication Inc., an arm's length party, to provide public relations, marketing and corporate and communication services for total fees of \$150,000. As at November 30, 2023, the prepaid balance is \$19,726.

As at November 30, 2023, there is a rent deposit of \$3,331.

**5. 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). 200,000 common shares were estimated to be \$27,000 based on the Company's stock trading price at the date of issuance;
- 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, 2023 and the three months ended November 30, 2023:

<b>Sowchea Property</b>	<b>\$</b>
<b>Balance, August 31, 2022</b>	36,904
Acquisition costs - cash	25,000
Acquisition costs - shares	27,000
Exploration costs	145,236
<b>Balance, August 31, 2023 and November 30, 2023</b>	<b>234,140</b>

**6. SHARE CAPITAL**

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – As at November 30, 2023, the Company had 22,170,000 (August 31, 2023 – 21,620,000) common shares issued and outstanding.
- c) **Financings**

**Three months ended November 30, 2023**

- The Company issued 550,000 common shares pursuant to the exercise of 550,000 options with an exercise price of \$0.10 per share for total gross proceeds of \$55,000. The share price on the date of exercise was \$0.35.

**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. Volatility was estimated by using the historical volatility of other companies in the same industry during a similar period. The Company paid \$36,750 to the IPO agent as a corporate finance fee (the “Agent Finance Fee”). Including the Agent Finance Fee, the Company incurred total share issuance cost of \$200,574 in cash of which \$69,007 was recorded as deferred financing costs on the Company’s statement of financial position as at August 31, 2022.

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**d) Escrowed shares**

As at November 30, 2023, 1,200,000 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 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, 2022	-	-
Issued	650,000	0.10
Balance, August 31, 2023	650,000	0.10
Exercised	(550,000)	0.10
<b>Balance, November 30, 2023</b>	<b>100,000</b>	<b>0.10</b>
<b>Exercisable, November 30, 2023</b>	<b>100,000</b>	<b>0.10</b>

The following options were outstanding as at November 30, 2023:

	Outstanding	Exercisable	Exercise price	Expiry date	Weighted average remaining life (in years)
			\$		
	100,000	100,000	0.10	November 30, 2024	1.00
	<b>100,000</b>	<b>100,000</b>	<b>0.10</b>		<b>1.00</b>

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**f) Warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
Balance, August 31, 2022	4,650,000	\$ 0.10
<b>Balance, August 31, 2023</b>	<b>4,650,000</b>	<b>0.10</b>
<b>Balance, November 30, 2023</b>	<b>4,650,000</b>	<b>0.10</b>

The following warrants were outstanding as at November 30, 2023:

Outstanding	Exercise price	Expiry date	Weighted average remaining life (in years)
4,650,000	\$ 0.10	June 10, 2025	1.53
<b>4,650,000</b>	<b>0.10</b>		<b>1.53</b>

**7. 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, 2023 and 2022 as follows:

	2023 \$	2022 \$
Accounting fees	3,368	4,179
Consulting fees	3,000	3,390
	6,368	7,569

Key management of the Company includes the CEO, the CFO and the directors. During the three months ended November 30, 2023, 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.

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During the three months ended November 30, 2023 and 2022, compensation paid to key management consists of consulting fees charged by to a company owned by a director, and accounting fees charged by the CFO which have been presented in the table above.

**8. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the three months ended November 30, 2023 and 2022 consisted of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
GST Receivables	(1,939)	-
Prepaid	(15,934)	-
Accounts payable and accrual liabilities	10,065	(5,081)
	<b>(7,808)</b>	<b>(5,081)</b>

**9. 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.

**10. SUBSEQUENT EVENT**

On January 12, 2024, the Company entered into a definitive purchase and sale agreement (the "Agreement") with 18526 Yukon Inc. (the "Vendor"), an arm's length party, pursuant to which the Company will acquire all of the issued and outstanding common shares of a wholly owned subsidiary of the Vendor (the "Target") from the Vendor in exchange for common shares of the Company and cash, as further detailed below (the "Transaction"). The Target will own the AZ, Barite Mountain, Birch, Carter Gulch, Clea, Eva, Expo, Faro North, Fox, Gem, Ketza, Nut, Pete, Risby and Talbot claims and the Venus claims and crown grants located in the Yukon (the "Properties") for a total land package of approximately 18,000 hectares.

Pursuant to the Agreement, the Company has agreed to acquire the Properties from the Vendor by acquiring all of the issued and outstanding common shares of the Target for total consideration of (a) 25,000,000 common shares of the Company, subject to a statutory four month hold period under applicable securities laws and any escrow requirements imposed by the CSE, and (b) \$2,000,000 in cash on Closing. The Vendor will retain a royalty equal to 2.5% of the net smelter returns in respect of each of the Properties, subject to a right of repurchase of 0.5% of each royalty at a cost of \$1,000,000 per royalty payable in gold or cash.

Prior to the completion of the Transaction, JKS expects to complete (a) a non-brokered private placement of 12,500,000 subscription receipts (the "Share Receipts") of the Company for gross proceeds of approximately

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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\$3,750,000 (the “Share Financing”) with each Share Receipt automatically being exercised into one common share of JKS upon completion of the Transaction, and (b) a best efforts brokered private placement of 17,500,000 subscription receipts (the “Unit Receipts”) of the Company for gross proceeds of approximately \$8,750,000 (the “Unit Financing” and, together with the Share Financing, the “Financings”), with each Unit Receipt automatically being exercised into one common share of JKS and one-half of one common share purchase warrant exercisable for a period of three years at a price to be determined in the context of the market.

Completion of the Transaction will be subject to certain conditions, including but not limited to: (a) the receipt of all necessary approvals of the boards of directors of JKS and the Vendor; (b) the receipt of approval of the shareholders of JKS in accordance with applicable laws, including the rules of the CSE; (c) the receipt of all required consents and approvals, including without limitation, approval of the Transaction by the CSE; (d) the completion by JKS of the Financings such that the Resulting Issuer will have a minimum of \$10,000,000 following expenses related to the Transaction; (e) the completion by the Target of audited and unaudited financial statements and related financial information as may be required, and (f) the completion of satisfactory mutual due diligence.