HERCULES Resources

Financial Statements
(Expressed in Canadian Dollars)

For the year ended September 30, 2022

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hercules Resources Corp.

Opinion

We have audited the financial statements of Hercules Resources Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended September 30, 2022 and the period from incorporation on January 13, 2021 to September 30, 2021, 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 September 30, 2022 and 2021, and its financial performance and its cash flows for the year ended September 30, 2022 and the period from incorporation on January 13, 2021 to September 30, 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 to the financial statements, which states events or conditions which indicate 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.

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.

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

DMCL

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

January 30, 2023

MOORE

An independent firm
associated with Moore
Global Network Limited

HERCULES RESOURCES CORP.

Statements of Financial Position
(Expressed in Canadian dollars)

As at	September 30, 2022	September 30, 2021
Assets		
Current Assets		
Cash and cash equivalents	$ 212,331	$ 108,767
Other receivables (note 4)	18,692	1,744
Prepaid (note 5)	21,500	-
	252,523	110,511
Non-current Assets		
Exploration asset (note 6)	131,835	68,515
	$ 384,358	$ 179,026
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	$ 80,595	$ 34,500
	80,595	34,500
Shareholders' equity:		
Share capital (note 8)	461,325	180,000
Accumulated deficit	(157,562)	(35,474)
	303,763	144,526
	$ 384,358	$ 179,026

Nature and Continuance of Operations (note 1)
Contingencies and Commitments (note 6)
Subsequent event (note 1 and 12)

Approved on behalf of the Board:

"Gordon Lam" Director
Gordon Lam

"Alan Tam" Director
Alan Tam

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

HERCULES RESOURCES CORP.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Year ended September 30, 2022		Period from Incorporation on January 13, 2021 to September 30, 2021
Expenses:				
Consulting	$	33,000	$	-
General and administration		2,542		1,042
Management fee (note 9)		36,000		27,000
Professional fees (note 9)		51,445		7,500
Loss before other items		(122,987)		(35,542)
Interest income		899		68
Comprehensive loss	$	(122,088)	$	(35,474)
Net loss per share, basic and diluted (note 8)	$	(0.01)	$	(0.00)
Weighted average number of common shares outstanding:				
Basic and diluted		13,717,809		6,276,924

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

HERCULES RESOURCES CORP.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Accumulated deficit	Total
Incorporation, January 13, 2021	-	$ -	$ -	$ -
Share issued on incorporation	1	-	-	-
Issuance of common shares	12,000,000	180,000	-	180,000
Loss for the period	-	-	(35,474)	(35,474)
Balance September 30, 2021	12,000,001	180,000	(35,474)	144,526
Issuance of common shares	3,250,000	300,000	-	300,000
Share issuance costs	-	(18,675)	-	(18,675)
Loss for the year	-	-	(122,088)	(122,088)
Balance September 30, 2022	15,250,001	$ 461,325	$ (157,562)	$ 303,763

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

HERCULES RESOURCES CORP.

Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended September 30, 2022	Period from Incorporation on January 13, 2021 to September 30, 2021
Cash (used) provided by:		
Operations:		
Loss for the period	$ (122,088)	$ (35,474)
Changes in non-cash operating working capital:		
Receivables	(16,948)	(1,744)
Prepaid	(21,500)	-
Accounts payable and accrued liabilities	46,095	34,500
Cash used in operating activities	(114,441)	(2,718)
Financing:		
Issuance of common shares	281,325	180,000
Cash provided by financing activities	281,325	180,000
Investing:		
Investment in exploration assets	(63,320)	(68,515)
Cash used in investing activities	(63,320)	(68,515)
Increase in cash and cash equivalent	103,564	108,767
Cash and cash equivalents, beginning	108,767	-
Cash and cash equivalent, ending	$ 212,331	$ 108,767

Cash and cash equivalents consists of:		
Cash	$ 12,331	$ 108,767
Guaranteed Investment Certificate	$ 200,000	$ -

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

1. Nature and Continuance of Operations:

Hercules Resources Corp. (“Hercules” or “Company”) was incorporated on January 13, 2021 under the *Business Corporations Act* (British Columbia). On January 27, 2023, the Company became listed on the Canadian Stock Exchange (“CSE”) trading under the symbol “HERC”. The Company’s registered office is located at #2080 – 777 Hornby Street, Vancouver, British Columbia, V6K 2A4.

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenue and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically viable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interest.

These financial statements have been prepared on the basis that the Company will continue as 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 operations. As an exploration stage company, the Company has incurred net operating losses since inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to ultimately develop profitable operations.

Since incorporation, the Company has raised equity financing from investors and expects these funds to provide for its early stage exploration and working capital needs for the next twelve months. Additional fundraising may involve further private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of the Company’s operations.

There can be no assurances that the Company will be successful in raising additional cash to finance operations or that the continued support of shareholders will be available. These financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future. The financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation:

(a) Statement of compliance:

The financial statements, including comparatives, have been prepared 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"). These financial statements were approved and authorized for issue by the Board of Directors on January 30, 2023.

(b) Basis of measurement:

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

© Functional and presentation currency:

These financial statements are presented in Canadian dollars, which are the functional currency for the Company.

(d) 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 the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include capitalization of exploration assets and the application of the going concern assumption.

3. Significant accounting policies:

(a) Cash and cash equivalent

Cash comprises of cash on hand and deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(b) Exploration and evaluation assets:

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation costs, in excess of estimated recoveries, are written off to the statement of operations and comprehensive loss.

3. Significant accounting policies (continued):

(b) Exploration and evaluation assets (continued):

The Company assess exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

(c) Financial instruments:

The Company adopted all of the requirements of IFRS 9 Financial Instruments as of inception on January 13, 2021.

(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 as 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 the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

	IFRS 9
Cash and cash equivalents	FVTPL
Other receivables	amortized cost
Accounts payable and accrued liabilities	amortized cost

3. Significant accounting policies (continued):

(ii) Measurement (continued)

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

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 profit and 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 profit and loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

(iii) Impairment off 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 on 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 profit and 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. Gains and losses on derecognition are generally recognized in profit and loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

3. Significant accounting policies (continued):

(iv) Derecognition (continued)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

(d) Loss per share:

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized based on the use of proceeds that could be obtained upon exercise of such options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. This calculation generally produces an anti-dilutive effect for loss years.

(e) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in earnings except to the extent that they relate to a business combination, or to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings on the acquisition date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Significant accounting policies (continued):

(f) Share-based payment transactions:

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 instruments issued, if it is determined that 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 recorded 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.

The Company did not have any share-based payment transactions.

(g) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income and the related deferred tax is recognized as a tax provision which is reduced when qualifying flow-through expenditures are incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period in accordance with Government of Canada flow-through share regulations.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through share regulations. When applicable, this tax is accrued as a financial expense until paid.

4. Other Receivables

Other receivables are comprised of GST input tax credit receivable and refundable British Columbia mining exploration tax credits.

5. Prepaid

		Prepaid
Balance, September 2020 and 2021	$	-
Broker costs		20,000
Geological costs		1,500
Balance, September 30, 2022	$	21,500

The amount is comprised of a retainer paid to a consultant to maintain the mineral titles and a retainer to Canaccord Genuity (see note 12).

(Expressed in Canadian dollars)

6. Exploration asset

		September 30, 2022		September 30, 2021
Acquisition costs				
Balance, opening	$	10,000	$	-
Additions		15,000		10,000
Total Acquisition Costs		25,000		10,000
Exploration costs				
Balance, opening		58,515		-
Assay		36,039		3,548
Camp accommodations and travel		5,146		13,603
Field office		-		6,647
Geological		22,722		29,825
Mineral exploration tax credit		(16,087)		-
Title renewal fees		500		4,892
Total Exploration costs		106,835		58,515
Balance, ending	$	131,835	$	68,515

The MP Copper Project (the "Property") consists of 6 mineral claims situated southeast of Prince George, British Columbia.

On March 18, 2021, the Company entered into an option agreement (the "Option Agreement") consisting of 4 mineral claims.

On March 19, 2021, the Company staked 2 additional mineral claims. These two additional mineral claims are contiguous to the original 4 claims optioned on March 18, 2021 and form a part of the Property pursuant to the Option Agreement.

The Option Agreement has the following terms:

Date	Cash	Shares	Exploration Expenditures
On the Effective Date	$10,000 (paid)	-	Such amount as is required to stake an additional 2,500 hectares around the Property
Year 1 Anniversary Date	$15,000 (paid)	-	$50,000 or 1 years assessment, whichever is greater
On the date the shares are listed on any recognized stock exchange in Canada	$ -	50,000	$ -
Year 2 Anniversary Date	$25,000	175,000	$100,000 or 2 years assessment, whichever is greater
Year 3 Anniversary Date	$45,000	325,000	$200,000
Total	**$95,000**	**550,000**	**$350,000**

Pursuant to the terms of the Option Agreement, the Company has agreed to a 2% net smelter return royalty ("the MP Copper Royalty"). The Company has the right at any time after the exercise of the option to purchase 1% of the MP Copper Royalty for an amount of $500,000 or 0.5% payable in cash, for a total payment of $1,000,000 to acquire one half of the MP Copper Royalty.

7. Financial instruments:

(a) Fair values:

The Company has various financial instruments comprised of cash and other receivables. The carrying amounts of the Company's financial instruments approximate their fair value due to their short period of time until maturity.

(b) Financial risk management:

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

(*i*) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is attributable to cash. The Company manages such risk by holding cash as operating bank accounts with Canadian chartered banks with minimum DBRS ratings of AA (S&P AA-).

(*ii*) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's primary source of liquidity is its cash reserves. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to develop profitable operations in the future. The Company has generated operating losses since inception. As disclosed in Note 1, there can be no assurance these efforts will be successful in the future. All the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed high.

(*iii*) Currency risk:

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company does not have any significant transaction in foreign currencies and therefore is not exposed to significant currency risk.

(iv) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk.

(Expressed in Canadian dollars)

8. Share capital:

(a) Authorized share capital:

Unlimited voting, participating common shares, with no par value.

(b) Issued share capital:

On incorporation, the Company issued one common share for a nominal amount.

On February 18, 2021, the Company issued 4,000,000 common shares as seed capital, at a price of $0.005 per common share, for proceeds of $20,000.

On June 30, 2021, the Company issued 8,000,000 common shares at a price of $0.02 per common share, for proceeds of $160,000.

On January 31, 2022, the Company issued 500,000 common shares at a price of $0.05 per common share for proceeds of $25,000.

On March 31, 2022, the Company issued 2,750,000 common shares at a price of $0.10 per common share, for proceeds of $275,000. Of the total 2,750,000 common shares issued, 1,250,000 of those common shares were flow through shares. The flow through shares are issued at the same price as the non-flow through shares, as such no share liability has been recorded. As at September 30, 2022, $116,512 was unspent from the flow through shares fund.

9. Related party transactions:

Related parties include Board of Directors of the Company and the Company's key management personnel. The related party transactions are in the normal course of operations and have been valued in these financial statements at fair value, which is the amount of consideration established and agreed to by the related parties.

(a) Balances with related parties:

	September 30, 2022	September 30, 2021
CEO	$ 28,350	$ 27,000
CFO	700	-
	$ 29,050	$ 27,000

Amounts due to related parties, including amounts due to key management personnel, are unsecured, interest free and due on demand, and included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

9. Related party transactions (continued):

(b) Transactions during the year with management consulting companies controlled by directors and Chief Financial Officer:

	Year ended September 30, 2022	Period from Incorporation on January 13, 2021 to September 30, 2021
Exploration asset – geological and geophysical costs	$ 5,791	$ 11,078
Management fees	36,000	27,000
Professional fees	9,300	-
	$ 51,091	$ 38,078

On February 18, 2021, of the 4,000,001 shares issued by the, 1,500,001 common shares were issued to a director for proceeds of $7,500.

On January 31, 2022, 400,000 common shares were issued to directors for proceeds of $20,000.

10. Capital management

Since inception, the Company's objective in managing capital is to ensure sufficient liquidity to finance its exploration and development activities and general and administrative expenses. The Company is not exposed to external requirements by regulatory agencies or third parties regarding its capital.

During the year, the Company received additional capital through equity financing. To maintain or adjust the capital structure, the Company may attempt to issue new shares or issue new debt.

The Company's capital resources are determined by the status of the Company's projects and its ability to compete for investor support.

(Expressed in Canadian dollars)

11. Income Tax

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year ended September 30, 2022	Period from incorporation to September 30, 2021
Loss for the period	$ (122,088)	$ (35,474)
Canadian statutory income tax rate	27%	27%
Expected income tax (recovery)	$ (32,964)	$ (9,578)
Share issuance costs	(3,735)	-
Adjusting to prior year provision versus statutory tax returns	(13,815)	-
Change in unrecognized deductible temporary differences	50,514	9,578
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2022	2021
Deferred Tax Assets:		
Non-capital losses	$ 43,550	$ 9,578
Share issuance costs	5,042	-
Exploration and evaluation asset	30,000	18,499
	78,592	28,077
Unrecognized deferred tax assets	(78,592)	(28,077)
Net deferred tax assets	$ -	$ -

The Company has approximately $161,297 (2021: $35,474) of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire from 2041 to 2042.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. Subsequent Event

On January 30, 2023, the Company completed its initial public offering of 2,541,000 common shares issued at a price of $0.10 per share, for gross proceeds of $254,100 pursuant to a prospectus dated October 31, 2022 (the "Prospectus").

A cash commission of 10% of the gross proceeds of the offering was paid to the Company's agent, Canaccord Genuity Corp. (the "Agent"), as well as a corporate finance fee of $35,000 of which $25,000 was paid in cash and the remaining $10,000 through the issuance of 100,000 common shares at a deemed price of $0.10 per share. In addition, the Agent and its selling group members received 254,100 non-transferable agent's warrants to acquire up to 254,100 shares at a price of $0.10 per Share until January 27, 2025.