

Targa Exploration Corp.

Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2022, and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and six months ended September 30, 2022.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 consolidated financial statements of Targa Exploration Corp. (“the Company” or “Targa”) for the interim period ended September 30, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors, DeVisser Gray LLP, have not performed a review of these interim financial statements.

November 28, 2022

TARGA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2022 and March 31, 2022
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2022 \$	March 31, 2022 \$
Assets			
Current			
Cash		1,117,885	1,240,496
Goods and services tax recoverable		2,844	-
Total assets		1,120,729	1,240,496
Liabilities			
Current			
Accounts payable and accrued liabilities	9	101,997	12,657
Total liabilities		101,997	12,657
Shareholders' equity			
Share capital	7(b)	576,627	804,413
Subscription receivable	7(d)	-	(5,000)
Reserves		939,586	665,000
Deficit		(497,481)	(236,574)
Total shareholders' equity		1,018,732	1,227,839
Total liabilities and shareholders' equity		1,120,729	1,240,496

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

These financial statements are approved and authorized for issuance on behalf the Board of Directors on November 28, 2022.

/s/ "Karlene Collier"

Karlene Collier, Director

/s/ "Jon Ward"

Jon Ward, Chief Executive Officer

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

TARGA EXPLORATION CORP.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended September 30,		Six months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating expenses					
Exploration and evaluation expenditures	6	145,560	25,000	152,382	25,000
Filing and transfer agent fees		17,811	-	17,811	-
General and administrative		7,848	48	7,949	94
Investor relations		2,590	-	2,590	-
Legal and professional fees		5,800	-	5,800	-
Management and consulting fees	9	13,400	3,000	27,575	5,000
Share-based compensation	7(e), 9	-	-	46,800	-
Net loss from operations		193,009	28,048	260,907	30,094
Other expenses					
Transaction expense	5	-	(59,413)	-	(59,413)
Net loss and comprehensive loss for the period		193,009	87,461	260,907	89,507
Loss per share					
Basic and diluted		0.01	0.00	0.01	0.00
Weighted average number of shares outstanding					
Basic and diluted		33,188,250	24,299,617	33,188,250	19,408,824

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

TARGA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Net loss and comprehensive loss for the period	(260,907)	(89,507)
Item not affecting cash:		
Shares issued for acquisition cost included in exploration and exploration expenditures		25,000
Transaction expense	-	59,413
Share-based compensation	46,800	-
Changes to non-cash working capital items:		
Goods and services tax recoverable	(2,844)	-
Accounts payable and accrued liabilities	89,340	5,000
Net cash used in operating activities	(127,611)	(94)
Financing activities		
Subscription receivable collected	5,000	-
Issuance of units in private placements, net of issuance cost	-	597,500
Net cash provided by financing activities	5,000	597,500
Net change in cash	(122,611)	597,406
Cash, beginning of the period	1,240,496	122,380
Cash, end of the period	1,117,885	719,786

During the six months ended September 30, 2022 and 2021, no cash payments were made for income tax or interest.

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

TARGA EXPLORATION CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

For the six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number of shares	Special warrants	Share capital	Subscription receivable	Reserves	Deficit	Total shareholders' equity
	#	#	\$	\$	\$	\$	\$
Balance, March 31, 2021	12,875,000	-	122,500	-	-	(120)	122,380
Units issued in private placement	11,125,000	-	222,500	-	-	-	222,500
Units issued in private placement	7,500,000	-	375,000	-	-	-	375,000
Shares issued to purchase mineral property	500,000	-	25,000	-	-	-	25,000
Shares issued to Bellatrix on amalgamation	1,188,250	-	59,413	-	-	-	59,413
Net loss and comprehensive loss	-	-	-	-	-	(89,507)	(89,507)
Balance, September 30, 2021	33,188,250	-	804,413	-	-	(89,627)	714,786
Special warrants issued in private placement	-	6,650,000	-	(5,000)	665,000	-	660,000
Net loss and comprehensive loss	-	-	-	-	-	(146,947)	(146,947)
Balance, March 31, 2022	33,188,250	6,650,000	804,413	(5,000)	665,000	(236,574)	1,227,839
Subscription receivable collected	-	-	-	5,000	-	-	5,000
Allocation between share capital and reserves	-	-	(227,786)	-	227,786	-	-
Share-based compensation	-	-	-	-	46,800	-	46,800
Net loss and comprehensive loss	-	-	-	-	-	(260,907)	(260,907)
Balance, September 30, 2022	33,188,250	6,650,000	576,627	-	939,586	(497,481)	1,018,732

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

TARGA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Targa Exploration Corp. (the "Company", "Targa") was incorporated under the Business Corporations Act in British Columbia on September 26, 2017, and changed its name from RCM Minerals Ltd. to Targa Exploration Corp. on July 20, 2021. The head office, principal address, registered address, and records office of the Company is located at #700-1090 West Georgia Street, Vancouver, BC, V6E 3V7. On September 27, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "Exchange") under the ticker symbol "TEX".

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The condensed interim consolidated financial statements for the three and six months ended September 30, 2022 and 2021 (the "financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at September 30, 2022, the Company has not generated any revenues from operations and has an accumulated deficit of \$497,481 (March 31, 2022 - \$236,574). The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio, and to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets. The 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.

As of the date of these financial statements, COVID-19 has had no impact on the Company's ability to access and explore its current property but may impact the Company's ability to raise funding or explore its property should restrictions related to COVID-19 be extended or expanded in scope.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements do not include all disclosures required for annual audited financial statements, and accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2022, 2021 and 2020 and notes thereto (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

These financial statements were prepared using accounting policies consistent with those in the annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's annual financial statements.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 28, 2022.

b) Basis of measurement

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

c) Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiary, 1326091 B.C. Ltd. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is included in the financial statements from the date control commences until the date control ceases.

2. BASIS OF PRESENTATION (continued)

d) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries functional and presentation currency, except as otherwise noted.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those applied and disclosed in Note 3 to the annual financial statements, except as follows:

Share-based compensation

The Company grants share-based compensation to directors, officers, employees, and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair value method of accounting for share-based compensation and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services are determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods and services received or if the fair value of the goods and services received cannot be reliably estimated, the share-based compensation is measured at the date on which the Company obtains such goods and services. Share-based compensation is recognized over each tranche's vesting period in earnings or capitalized as appropriate, based on the number of awards expected to vest.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The 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, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Fair value of shares issued for mineral property and services

If shares are issued for proceeds other than cash, the shares are valued at the fair market value of goods/services received. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the share consideration. (Refer to Note 6 and 7(b)).

b) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating and mineral property expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions exist that may cast significant doubt upon the Company's ability to continue as a going concern.

TARGA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

c) Fair value calculation of share-based compensation

The fair value of share-based compensation in relation to the options granted is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life, rate of forfeiture of options granted, risk-free interest rate used and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry averages and future forecasts.

5. AMALGAMATION

Amalgamation with Bellatrix Capital Corp.

The Company entered into an amalgamation agreement dated September 3, 2021 (the "Amalgamation Agreement") with Bellatrix Capital Corp. ("Bellatrix"), and 1322768 B.C. Ltd., a wholly owned subsidiary of the Company ("1322768"). Pursuant to the Amalgamation Agreement, Bellatrix, and 1322768 amalgamated (the "Amalgamation") to form 1326091 B.C. Ltd. ("Amalco").

The Company issued the following consideration with the following effect:

- One Company share in exchange for the 188,250 Class B common shares of Bellatrix issued and outstanding at the time of the Amalgamation; and
- Eighty Company shares in exchange for the 12,500 Class A common shares of Bellatrix issued and outstanding at the time of the Amalgamation.

The 1,188,250 common shares that were issued to the shareholders of Bellatrix by the Company pursuant to the Amalgamation were valued at \$59,413, or \$0.05 per share. The Amalgamation has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2 *Share-based payment* since it did not constitute a business combination under IFRS 3 *Business combinations* as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Bellatrix at the time of the transaction. Since 1326091 B.C. Ltd. had no assets or liabilities, the total amount of \$59,413 was allocated as transaction expense on the consolidated statement of loss and comprehensive loss.

Pursuant to the Amalgamation, the one common share of 1322768 was cancelled and replaced by one common of Amalco. The Amalgamation took effect September 28, 2021.

The financial statements include the financial statements of the Company and its one subsidiary, 1326091 B.C. Ltd. All significant intercompany transactions are eliminated on consolidation. An amount of \$59,413 was recognized as transaction expense during the year ended March 31, 2022.

6. EXPLORATION AND EVALUATION EXPENDITURES

Shanghai Property

The Company entered into the option agreement (the "Agreement") dated October 6, 2021 with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood"), who were the owners of 70% and 30%, respectively, of the mineral claims situated in the Mayo Mining District, Yukon Territory, which are generally known and described as the Shanghai Property (the "Shanghai Property"). Pursuant to the Agreement, the Company was granted an option to acquire a 100% right, title, and interest in those mineral claims.

TARGA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION EXPENDITURES (continued)

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Shanghai Property. In exchange for transferring the consideration and making the investments below.

a) Pay to Wildwood an aggregate of \$750,000, as follows:

- \$50,000 ten business days from October 6, 2021, the effective date of the Agreement (paid)
- \$100,000 on or before October 6, 2022 (paid subsequent to September 30, 2022, refer to Note 11)
- \$100,000 on or before October 6, 2023
- \$100,000 on or before October 6, 2024
- \$150,000 on or before October 6, 2025
- \$250,000 on or before October 6, 2026

b) Issue and deliver to Shawn Ryan an aggregate of 4,000,000 common shares, as follows:

- 500,000 common shares within ten business days after October 6, 2021 (issued, refer to Note 7(b))
- an additional 500,000 common shares on or before October 6, 2022 (issued subsequent to September 30, 2022, refer to Note 11)
- an additional 600,000 common shares on or before October 6, 2023
- an additional 650,000 common shares on or before October 6, 2024
- an additional 750,000 common shares on or before October 6, 2025
- an additional 1,000,000 common shares on or before October 6, 2026

c) Incur expenditures in the aggregate amount of not less than \$2,850,000, as follows:

- \$75,000, on or before November 15, 2021 (incurred)
- in the additional amount of \$150,000 on or before November 15, 2022 (incurred)
- in the additional amount of \$375,000 on or before November 15, 2023
- in the additional amount of \$500,000 on or before November 15, 2024
- in the additional amount of \$750,000 on or before November 15, 2025
- in the additional amount of \$1,000,000 on or before November 15, 2026

Under the Agreement, the Company is required to pay Shawn Ryan and Wildwood in accordance with their respective interests, a Net Smelter Returns royalty ("NSR") equal to 2.5% of Net Smelter Returns. The Company may reduce the NSR by 1.0% for a payment of \$2,000,000.

The Company's exploration and evaluation expenditures for the Shanghai Property for the three and six months ended September 30, 2022 are \$145,560 and \$152,382, respectively (2021 - \$25,000 and \$25,000, respectively).

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

During the six months ended September 30, 2022, the Company did not have any share capital transactions.

During the year ended March 31, 2022, the following issuances occurred:

On June 18, 2021, the Company completed a non-brokered private placement for gross proceeds of \$222,500 from the issuance of 11,125,000 units at a price of \$0.02 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. Gross proceeds were re-allocated between the share capital and reserves due to change of estimates, as a result, \$154,824 was allocated to share capital and \$67,676 was allocated to reserves.

TARGA EXPLORATION CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)

On September 28, 2021, the Company completed a non-brokered private placement for gross proceeds of \$375,000 from the issuance of 7,500,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. Gross proceeds were re-allocated between the share capital and reserves due to change of estimates, as a result, \$238,347 was allocated to share capital and \$136,653 was allocated to reserves.

On September 28, 2021, the Company issued 500,000 common shares at \$0.05 per share for the total value of \$25,000 as a partial payment to acquire the Shanghai Property (Note 6).

On September 28, 2021, the Company issued 1,188,250 common shares at \$0.05 per share to the shareholders of Bellatrix in connection with the Amalgamation (Note 5). The share price of the common shares was determined with reference to the common shares issued in private placement on the same date.

c) Escrowed Securities

On September 15, 2022, an escrow agreement (the "Escrow Agreement") between the Company and certain shareholders of the Company was completed resulting in 502,500 equity securities and 500,000 convertible securities (the "Escrowed Securities") being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Securities were released from escrow on the Escrow Agreement date (the "Initial Release") and an additional 15% to be released every six-month interval thereafter, for a period of 36 months following the Initial Release. These Escrowed Securities, may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities. As at September 30, 2022, 50,250 shares and 50,000 convertible securities have been released from escrow. As at September 30, 2022, the remaining balance of Escrowed Securities is 902,250.

d) Warrants

During the six months ended September 30, 2022, the Company did not issue any warrants.

The following is a summary of the Company's outstanding warrants for the year ended March 31, 2022 and the six months ended September 30, 2022:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2021	3,875,000	0.10
Issued	18,625,000	0.10
Balance, March 31, 2022 and September 30, 2022	22,500,000	0.10

Date of expiry	Weighted average exercise price	Number of warrants	Weighted average life remaining
	\$	#	years
December 15, 2025	0.10	3,875,000	3.21
June 18, 2026	0.10	11,125,000	3.72
September 28, 2026	0.10	7,500,000	4.00
	0.10	22,500,000	3.72

TARGA EXPLORATION CORP.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)**e) Special warrants**

During the six months ended September 30, 2022, the Company did not issue any Special Warrants.

On February 14, 2022, the Company completed a non-brokered private placement for gross proceeds of \$665,000 from the issuance of 6,650,000 special warrants ("Special Warrants") at \$0.10 per warrant, of which \$5,000 was outstanding for collection as at March 31, 2022 and subsequently received during the six months ended September 30, 2022. The balance for the Special Warrants was \$665,000 recorded to reserves. Each Special Warrant will entitle the holder, on exercise, without additional consideration, to receive one common share and one warrant; each warrant entitles the holder to purchase one share at a price of \$0.20 for 5 years.

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2021	-	-
Issued	6,650,000	0.20
Balance, March 31, 2022 and September 30, 2022	6,650,000	0.20

As at September 30, 2022, the Company had 6,650,000 Special Warrants outstanding and exercisable (March 31, 2022 - 6,650,000) with an exercise price of \$0.20 and expire on February 14, 2027. As at September 30, 2022, the remaining life of these Special Warrants is 4.4 years.

f) Stock options

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

On April 14, 2022, the Company issued 1,425,000 stock options to directors, officers and consultants with an exercise price of \$0.10 and expiry date of April 14, 2027. The options vested immediately and were valued at \$46,800 using the Black-Scholes option pricing model with the following assumptions:

	April 14, 2022
Exercise price	\$0.10
Closing price	\$0.05
Risk-free interest rate	2.61%
Estimated life	5 years
Expected volatility	100.00%
Expected dividend yield	0.00%

The expected life in years represents the period of time the options granted are expected to be outstanding. The volatility rate is based on comparable companies with a historical volatility. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

As at September 30, 2022, the Company had the following stock options outstanding:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, March 31, 2021 and March 31, 2022	-	-
Issued	1,425,000	0.10
Balance, September 30, 2022	1,425,000	0.10

TARGA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)

As at September 30, 2022, the Company had 1,425,000 stock options outstanding and exercisable (March 31, 2022 - nil) with an exercise price of \$0.10 and expire on April 14, 2027. As at September 30, 2022, the remaining life of these options is 4.5 years.

During the three and six months ended September 30, 2022, the Company recorded share-based compensation expense of \$nil and \$46,800, respectively (2021 - \$nil and \$nil, respectively) related to the vesting of stock options.

8. FINANCIAL INSTRUMENTS AND RISKS

a) Fair value

As at September 30, 2022, the fair value of the financial instruments cash and accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of cash and accounts payable and accrued liabilities approximate the fair value due to the relatively short-term maturity of these instruments.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. As at September 30, 2022, the Company has minimal exposure of credit risk on its cash as the Company's cash is held with a high credit quality financial institution in Canada.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company is exposed to liquidity risk through accounts payable but controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations.

As the Company's operations does not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at September 30, 2022, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's results. The Company is not exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities do not have variable interest rates. The Company is not exposed to interest rate risk as at September 30, 2022.

Foreign currency risk

The Company does not carry financial assets or liabilities denominated in a foreign currency and therefore is not exposed to foreign currency risk.

9. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

TARGA EXPLORATION CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars, except where noted)

9. RELATED PARTY TRANSACTIONS (continued)

During the three and six months ended September 30, 2022 the Company incurred management and consulting fees of \$6,000 and \$11,000, respectively (2021 - \$3,000 and \$5,000, respectively) to the Chief Executive Officer ("CEO"), and \$3,000 and \$5,000, respectively (2021 - \$nil and \$nil, respectively) to the Chief Financial Officer ("CFO"), respectively; and recorded share-based compensation of \$nil and \$36,126, respectively (2021 - \$nil and \$nil, respectively) related to the vesting of stock options granted to the key management personnel.

A summary of the related party transactions for the three and six months ended September 30, 2022 and 2021 is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and consulting fees	9,000	3,000	16,000	5,000
Share-based compensation	-	-	36,126	-
	9,000	3,000	52,126	5,000

As at September 30, 2022, there were no accounts payable and accrued liabilities payable to the CEO and CFO (March 31, 2022 - \$1,000). The payable is unsecured, due on demand and are non-interest bearing.

10. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations comprising the acquisition, exploration and development of mineral properties. The Company obtains funding primarily through issuing share capital. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the six months ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENTS

On October 6, 2022, the Company paid \$100,000 to Wildwood in connection with the Shanghai Property agreement (Note 6).

On October 7, 2022, the Company issued additional 500,000 common shares at \$0.50 per share for the total value of \$250,000 to Shawn Ryan in connection with the Shanghai Property agreement (Note 6).