

SORRENTO RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE NINE MONTHS ENDED MARCH 31, 2023

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

SORRENTO RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT	March 31, 2023	June 30, 2022
ASSETS		
Current		
Cash	\$ 510,884	\$ 261,990
Accounts receivable	16,487	8,566
Prepaid expenses and deposits (Note 3)	<u>166,130</u>	<u>2,000</u>
	693,501	272,556
Mineral property (Note 3)	210,000	35,000
Deferred financing costs	<u>-</u>	<u>33,375</u>
	<u>\$ 903,501</u>	<u>\$ 340,931</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	<u>\$ 13,833</u>	<u>\$ 62,369</u>
	<u>13,833</u>	<u>62,369</u>
Shareholders' equity		
Share capital (Note 4)	1,290,068	503,941
Reserves (Note 4)	59,057	-
Deficit	<u>(459,457)</u>	<u>(225,379)</u>
	<u>889,668</u>	<u>278,562</u>
	<u>\$ 903,501</u>	<u>\$ 340,931</u>

Approved and authorized by the Board of Directors on May 17, 2023.

"Brayden Sutton" Director _____
"Samantha Shorter" Director

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

SORRENTO RESOURCES LTD.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended March 31, 2023	For the three months ended March 31, 2022	For the nine months ended March 31, 2023	For the period from incorporation on October 4, 2021 to March 31, 2022
EXPENSES				
Consulting fees (Note 5)	\$ 17,000	\$ 13,500	\$ 44,000	\$ 19,500
Exploration expenses (Note 3)	11,330	116,525	48,673	124,025
Investor relations	5,980	-	5,980	-
Listing fees	35,030	-	35,030	-
Management fees (Note 5)	17,500	15,000	47,500	15,000
Office and miscellaneous	10,278	3,384	22,972	5,259
Professional fees	18,016	-	25,862	3,734
Transfer agent and filing fees	4,061	-	4,061	-
Loss and comprehensive loss for the period	\$ (119,195)	\$ (148,409)	\$ (234,078)	\$ (167,518)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding	11,601,791	6,651,852	9,969,454	4,780,712

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

SORRENTO RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	For the nine months ended March 31, 2023	For the period from incorporation on October 4, 2021 to March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (234,078)	\$ (167,518)
Changes in non-cash working capital items:		
Accounts receivable	(7,921)	(7,356)
Accounts payable and accrued liabilities	(48,536)	43,338
Prepaid expenses and deposits	<u>(164,130)</u>	<u>-</u>
Net cash used in operating activities	<u>(454,665)</u>	<u>(131,536)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Mineral property interests	<u>-</u>	<u>(35,000)</u>
Net cash used in investing activity	<u>-</u>	<u>(35,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Initial public offering ("IPO")	854,753	-
Over-allotment exercise	128,213	-
Private placements	-	317,000
Share issuance costs	(279,407)	(4,564)
Obligation to issue shares	<u>-</u>	<u>195,000</u>
Net cash provided by financing activities	<u>703,559</u>	<u>507,436</u>
Change in cash for the period	248,894	340,900
Cash, beginning of period	<u>261,990</u>	<u>-</u>
Cash, end of period	<u>\$ 510,884</u>	<u>\$ 340,900</u>
Supplemental cash flow information:		
Agent's options issued	\$ 59,057	\$ -
Shares issued for mineral property	\$ 175,000	\$ -

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

SORRENTO RESOURCES LTD.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Common Shares		Obligation to issue shares	Reserves	Deficit	Total
	Number	Amounts				
Balance, October 4, 2021 (incorporation)	1,200,000	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Private placement	1,366,667	205,000	-	-	-	205,000
Private placement – flow through	5,300,000	106,000	-	-	-	106,000
Obligation to issue shares	-	-	195,000	-	-	195,000
Share issuance costs	-	(4,564)	-	-	-	(4,564)
Net loss for the period	-	-	-	-	(167,518)	(167,518)
Balance, March 31, 2022	7,866,667	312,436	195,000	-	(167,518)	339,918
Private placement	1,299,999	195,000	(195,000)	-	-	-
Share issuance costs	-	(3,495)	-	-	-	(3,495)
Net loss for the period	-	-	-	-	(57,861)	(57,861)
Balance, June 30, 2022	9,166,666	503,941	-	-	(225,379)	278,562
IPO	4,884,300	854,753	-	-	-	854,753
Over-allotment exercised	732,645	128,213	-	-	-	128,213
Shares issuable on mineral property	1,000,000	175,000	-	-	-	175,000
Share issuance costs	-	(371,839)	-	59,057	-	(312,782)
Net loss for the period	-	-	-	-	(234,078)	(234,078)
Balance, March 31, 2023	15,783,611	\$1,290,068	\$ -	\$ 59,057	\$ (459,457)	\$ 889,668

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

SORRENTO RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Sorrento Resources Ltd. (the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on October 4, 2021. The Company maintains its registered office at 3200 – 650 West Georgia Street, Vancouver, British Columbia, Canada V6B 4P7. The head office and principal address of the Company is 9285 – 203B Street, Langley, British Columbia, Canada V1M 2L9. The Company is in the business of exploration, development and exploitation of mineral resources in Canada.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these condensed interim financial statements.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

As at March 31, 2023, the Company has a working capital of \$679,668 (June 30, 2022 – \$210,187) and accumulated deficit of \$459,457 (June 30, 2022 - \$225,379). The Company reported a net loss of \$234,078 and negative cashflows from operations of \$454,665 for the nine-month period ended March 31, 2023. The Company’s ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or achieve profitable operations. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management may be required to curtail certain expenses. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Accordingly, these condensed interim financial statements do not include any adjustments to the amounts and classifications 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

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the period ended June 30, 2022.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value.

Basis of presentation

In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

2. BASIS OF PREPARATION *(cont'd...)*

Use of judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- **Recovery of capitalized mineral property costs**

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

3. MINERAL PROPERTY

Wing Pond Project, Newfoundland, Canada

On November 9, 2021, and subsequently amended on October 28, 2022, the Company entered into an option agreement (the “Wing Pond Agreement”), with unrelated parties (the “Wing Pond Optionors”), to acquire a 100% interest in 462 mining claims located in Newfoundland.

In order to exercise the option and acquire the Wing Pond property, the Company must complete, over a period of two years, the following payments:

- Make a cash payment of \$35,000 within 21 days of signing the Wing Pond Agreement (paid);
- Incur \$90,000 of exploration expenditures on the claims and deliver the technical report, on or before November 30, 2022 (completed);
- Issue 1,000,000 common shares to the optionors on or before the earlier of (i) listing of the Company’s common shares on the Canadian Securities Exchange, and (ii) April 30, 2023 (issued); and
- Make a further cash payment of \$50,000 and issue a further 2,000,000 common shares to the Wing Pond Optionors and incur a further \$200,000 of exploration expenditures on the claims on or before the earlier of (i) the first anniversary of the listing date, and (ii) November 30, 2023.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title of all of its mineral properties and to the best of its knowledge the properties are in good standing.

During the nine months ended March 31, 2023, the Company had advanced a deposit of \$153,180 on the Wing Pond Project included in prepaid expenses and deposits.

Mineral Property Interests

Details of mineral property balance is as follows:

	Wing Pond Project
Balance, October 4, 2021 (incorporation)	\$ -
Option payments – cash	<u>35,000</u>
Balance, June 30, 2022	\$ 35,000
Option payments – shares	<u>175,000</u>
Balance, March 31, 2023	<u>\$ 210,000</u>

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

3. MINERAL PROPERTY *(cont'd...)*

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures:

	For the nine months ended March 31, 2023	For the period from incorporation on October 4, 2021 to March 31, 2022
Field office	\$ 989	\$ 6,605
Geological and geophysical	25,975	3,000
Staking	5,330	-
Surveying	-	70,875
Technical report	1,950	7,500
Travel, logistics & camp costs	<u>14,429</u>	<u>36,045</u>
Total expenditures for the period	\$ 48,673	\$ 124,025

4. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Period ended March 31, 2023

On February 23, 2023, the Company completed its IPO and concurrent listing of the common shares in the capital of the Company on the Canadian Securities Exchange. Leede Jones Gable Inc. (the "Agent") acted as lead agent and sole bookrunner for the Company in connection with the IPO of the Company.

The IPO completed with the issuance of 4,884,300 common shares at an offering price of \$0.175 per common share for gross proceeds of \$854,753. As compensation for services rendered by the Agent in connection with the IPO, the Company paid a cash commission of \$76,928 and issued an aggregate of 439,587 non-transferable agent's options to acquire up to 439,587 common shares at a price of \$0.175 per common share until February 23, 2025. In addition, the Company paid a corporate finance fee of \$35,000 in cash, plus applicable taxes. The Company incurred other share issuance costs of \$186,379.

The agent's options were valued at \$42,785 using the Black-Scholes inputs: risk-free interest rate of 4.20%, volatility of 103.80% and expected life of 2 years. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the instrument.

Concurrently, the Company issued 1,000,000 common shares in accordance with the Wing Pond Agreement.

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

4. SHARE CAPITAL (cont'd...)

b) Issued share capital (cont'd...)

Period ended March 31, 2023 (cont'd...)

On March 21, 2023, the Agent exercised its over-allotment option in full in connection with the IPO. The Company issued 732,645 common shares to the Agent at a price of \$0.175 per share for gross proceeds of \$128,213. The Company paid a cash commission of \$11,539 and issued an aggregate of 65,938 non-transferable agent's options to acquire up to 65,938 common shares at a price of \$0.175 per common share until March 21, 2025. The Company incurred other share issuance costs of \$2,936.

The agent's options were valued at \$16,271 using the Black-Scholes inputs: risk-free interest rate of 3.70%, volatility of 104.95% and expected life of 2 years. The expected volatility assumption is based on comparable public companies as the Company has limited trading history. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the instrument.

Period ended from October 4, 2021 (incorporation) to June 30, 2022

On October 4, 2021, the Company issued 1,200,000 common shares on incorporation at a price of \$0.005 per common share for gross proceeds of \$6,000.

On December 14, 2021, the Company completed a private placement of 5,300,000 flow-through units at a price of \$0.02 per unit, each consisting of one flow-through share and one-half common share purchase warrant at a price of \$0.05, for gross proceeds of \$106,000 and incurred share issuance costs of \$2,282. There was no flow-through premium allocated to the private placement.

On May 9, 2022, the Company completed a private placement of 2,666,666 common shares at \$0.15 per share for gross proceeds of \$400,000 and incurred share issuance costs of \$5,777.

c) Warrants

The following is a summary of the changes to the Company's outstanding warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 4, 2021	-	\$ -
Issued	<u>2,650,000</u>	<u>0.05</u>
Balance, June 30, 2022	2,650,000	0.05
Issued	<u>505,525</u>	<u>0.175</u>
Balance, March 31, 2023	<u>3,155,525</u>	\$ 0.07

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

4. SHARE CAPITAL (cont'd...)

c) Warrants (cont'd...)

Summary of warrants outstanding as at March 31, 2023:

Number Outstanding	Exercise Price	Expiry Date
	\$	
1,000,000	0.05	November 19, 2024
300,000	0.05	December 3, 2024
1,350,000	0.05	December 14, 2024
439,587	0.175	February 23, 2025
65,938	0.175	March 21, 2025
3,155,525		

5. RELATED PARTY TRANSACTIONS

Key management personnel are comprised of the officers and directors of the Company. Amounts paid or accrued to key management personnel are as follows:

	For the nine months ended March 31, 2023	For the period from incorporation on October 4, 2021 to March 31, 2022
Payments to key management personnel		
Consulting fees	\$ 17,000	\$ 7,500 ⁽¹⁾
Management fees	\$ 47,500	\$ 15,000

(1) Fees to the former CFO.

As at March 31, 2023, \$nil (June 30, 2022 - \$42,000) was included in accrued liabilities owing to key management personnel. These amounts are non-interest bearing and due on demand.

6. FINANCIAL INSTRUMENTS AND RISK MANAGERMENTS

Financial instruments

Cash and accounts payable and accrued liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

SORRENTO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2023

6. FINANCIAL INSTRUMENTS AND RISK MANAGERMENTS *(cont'd...)*

Financial risk factors *(cont'd...)*

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. As the Company's policy is to limit cash holdings to instruments issued by a major Canadian bank, the credit risk is considered by management to be negligible. The Company considers credit risk with respect to these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. As at March 31, 2023, the Company had working capital of \$679,668 (June 30, 2022 – \$210,187). The Company's financial obligations are limited to accounts payable and accrued liabilities, which have contractual maturities of less than a year.

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 are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk as at March 31, 2023.

Commodity price risk

The Company's future success is linked to the price of minerals because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.

Foreign currency risk

As at March 31, 2023, the Company did not have any accounts in foreign currencies and considers foreign currency risk to be insignificant. The Company may be exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency in the future.

7. CAPITAL MANAGEMENT

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$889,668 (June 30, 2022 - \$278,562) as at March 31, 2023. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company did not change its capital management policy during the nine-month period ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

8. SEGMENTED INFORMATION

The Company has one operating segment, the exploration and development of mineral resources, and all non-current assets are located in Canada.