SORRENTO RESOURCES LTD.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30, 2023
AND
PERIOD FROM INCORPORATION ON OCTOBER 4, 2021 TO JUNE 30, 2022

smythe

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SORRENTO RESOURCES LTD.

Opinion
We have audited the financial statements of Sorrento Resources Ltd. (the "Company"), which comprise:

- the statements of financial position as at June 30, 2023 and 2022;
- the statements of loss and comprehensive loss for the year ended June 30, 2023, and the period from incorporation on October 4, 2021 to June 30, 2022;
- the statements of changes in shareholders' equity for the year ended June 30, 2023, and the period from incorporation on October 4, 2021 to June 30, 2022;
- the statements of cash flows for the year ended June 30, 2023, and the period from incorporation on October 4, 2021 to June 30, 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and cash flows for the year ended June 30, 2023 and for the period from incorporation on October 4, 2021 to June 30, 2022 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $437,289 during the year ended June 30, 2023 and, as of that date, has an accumulated deficit of $662,668. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

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 audits 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 auditors' 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 IFRS, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

October 25, 2023

SORRENTO RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30,

	2023	2022
ASSETS		
Current		
Cash	$ 322,545	$ 261,990
Accounts receivable	23,691	8,566
Prepaid expenses and deposits (Note 4)	155,468	2,000
	501,704	272,556
Mineral property (Note 4)	560,000	35,000
Deferred financing costs (Note 5)	-	33,375
	$ 1,061,704	$ 340,931
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 32,497	$ 62,369
	32,497	62,369
Shareholders' equity		
Share capital (Note 5)	1,590,068	503,941
Obligation to issue shares (Notes 6 and 11)	42,750	-
Reserves (Note 5)	59,057	-
Deficit	(662,668)	(225,379)
	1,029,207	278,562
	$ 1,061,704	$ 340,931

Approved and authorized by the Board of Directors on October 25, 2023.

"Brayden Sutton" Director   *"Samantha Shorter"* Director

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

SORRENTO RESOURCES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended June 30, 2023	For the period from incorporation on October 4, 2021 to June 30, 2022
EXPENSES		
Consulting fees (Note 6)	$ 68,000	$ 33,000
Directors' fees (Notes 5 and 6)	50,250	-
Exploration expenses (Note 4)	69,721	133,025
Investor relations	22,730	-
Listing fees	38,965	-
Management fees (Note 6)	70,000	30,000
Office and miscellaneous	33,414	8,746
Professional fees	70,332	20,608
Transfer agent and filing fees	13,877	-
Loss and comprehensive loss for the period	$ (437,289)	$ (225,379)
Basic and diluted loss per common share	$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding	11,463,387	4,640,644

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

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

	For the year ended June 30, 2023	For the period from incorporation on October 4, 2021 to June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (437,289)	$ (225,379)
Items not affecting cash:		
Directors' fees payable in shares	42,750	-
Changes in non-cash working capital items:		
Accounts receivable	(15,125)	(8,566)
Accounts payable and accrued liabilities	(29,872)	62,369
Prepaid expenses and deposits	(153,468)	(2,000)
Net cash used in operating activities	(593,004)	(173,576)
CASH FLOWS FROM INVESTING ACTIVITY		
Mineral property interests	(50,000)	(35,000)
Net cash used in investing activity	(50,000)	(35,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred financing costs	-	(33,375)
Initial public offering ("IPO")	854,753	-
Over-allotment exercise	128,213	-
Private placements	-	512,000
Share issuance costs	(279,407)	(8,059)
Net cash provided by financing activities	703,559	470,566
Change in cash for the period	60,555	261,990
Cash, beginning of period	261,990	-
Cash, end of period	$ 322,545	$ 261,990
Supplemental cash flow information:		
Agent's options issued	$ 59,057	$ -
Cash paid for taxes	$ -	$ -
Cash paid for interest	$ -	$ -
Deferred financing costs reclassed to share issuance costs	$ 33,375	$ -
Shares issued for mineral property	$ 475,000	$ -

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

SORRENTO RESOURCES LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares					
	Number	**Amounts**	**Obligation to issue shares**	**Reserves**	**Deficit**	**Total**
Balance, October 4, 2021 (incorporation)	1,200,000	$ 6,000	$ -	$ -	$ -	$ 6,000
Private placement	2,666,666	400,000	-	-	-	400,000
Private placement – flow through	5,300,000	106,000	-	-	-	106,000
Share issuance costs	-	(8,059)	-	-	-	(8,059)
Net loss for the period	-	-	-	-	(225,379)	(225,379)
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	2,000,000	475,000	-	-	-	475,000
Share issuance costs	-	(371,839)		59,057	-	(312,782)
Obligation to issue shares	-	-	42,750	-	-	42,750
Net loss for the period	-	-	-	-	(437,289)	(437,289)
Balance, June 30, 2023	16,783,611	$ 1,590,068	$ 42,750	$ 59,057	$ (662,668)	$ 1,029,207

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

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 financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 June 30, 2023, the Company has an accumulated deficit of $662,668 (2022 - $225,379) and reported a net loss of $437,289 (period from incorporation on October 4, 2021 to June 30, 2022 - $225,379) and negative cash flows from operations of $593,004 for the year then ended (period from incorporation on October 4, 2021 to June 30, 2022 - $173,576). 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 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 financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

2. BASIS OF PREPARATION *(cont'd…)*

Use of judgments and estimates

The preparation of these 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 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 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.

- Flow-through expenditures

  The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any discount disallowed may result in the Company's required expenditures not being fulfilled.

- 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.

- Treatment of deferred financing costs

  Professional, consulting, regulatory, and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

The key estimate applied in the preparation of financial statements is assumptions used in the calculation of the fair value assigned to options. The Company uses the Black-Scholes option pricing model for valuation of options. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate, and forfeiture rate. Changes in input assumptions can materially affect the fair value estimate and the Company's equity reserves.

3. SIGNIFICANT ACCOUNTING POLICIES

Mineral Property

i) Exploration and Evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as non-current assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the year.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mine under development. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development expenditures are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete. The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

iii) Impairment

The carrying value of all categories of mineral property are reviewed at each reporting date by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash-generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices, and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Mineral Property *(cont'd…)*

iii) Impairment *(cont'd…)*

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Asset retirement obligation

The Company recognizes provisions for statutory, contractual, constructive, or legal obligations associated with the decommissioning and reclamation of mine properties, plant and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. A liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for asset retirement obligations is estimated using expected cash flows and is discounted at the applicable risk-free interest rate. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows.

In subsequent periods, the liability is adjusted for any changes in the amount or timing of the estimated future cash costs and for the accretion of discounted underlying future cash flows. The unwinding of the effect of discounting the provision is recorded as an expense in profit or loss.

Share Capital

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on estimated fair value of the common shares at the time the units are priced, and any excess is allocated to warrants using the residual value approach.

Shares issued as consideration for goods or services provided to those other than employees or others providing similar services are measured at the fair value of the goods or services received, except where the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instruments granted.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Flow-through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows: (i) share capital – the market trading price of the common share; (ii) warrants reserves – based on the valuation derived using the Black-Scholes option pricing model or value attributed to warrants issued in non-flow-through unit offering on the same date with similar terms; and (iii) flow-through premium – any excess, recorded as a liability.

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive. Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools, and other deductions. 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 *(cont'd…)*

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as fair value through profit or loss.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash is recorded at amortized cost as it meets the required criteria.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

4. 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 (incurred) on the claims on or before the earlier of (i) the first anniversary of the listing date, and (ii) November 30, 2023.

During the year ended June 30, 2023, the Company had advanced a deposit of $153,180 on the Wing Pond Project, of which $133,180 remains in prepaid expenses and deposits.

Central and Northern Peninsula Projects, Newfoundland, Canada

On June 13, 2023, the Company entered into a property purchase agreement ("PPA") with Gold Hunter Resources Inc. ("Gold Hunter"), a public company under the laws of British Columbia. The Company completed its acquisition with Gold Hunter of a 100% interest in a portion of the claims comprising PEG Lithium, Harmsworth and Tom Joe properties, as well as three properties along the Doucers Valley Fault.

The Company paid Gold Hunter $50,000 in cash and issued 1,000,000 common shares. The Company also granted a 1% net smelter returns royalty to Gold Hunter (the "Gold Hunter NSR").

The properties are also subject to a 2% net smelter returns royalty held by Fair Haven Resources Inc. (the "Fair Haven NSR"). The Fair Haven NSR is subject to the right to buy back 50% of the NSR at any time for $1,000,000. The Company will also have the right to buy back 50% of the Gold Hunter NSR at any time for $1,000,000. Both the Fair Haven NSR and Gold Hunter NSR are subject to rights of first refusal in favor of the Company in connection with any proposed sale or transfer of such royalty.

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.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY *(cont'd…)*

Mineral Property Interests

Details of mineral property balance is as follows:

	Wing Pond	PEG	Harmsworth	Tom Joe	Jackson's Arm	Silver Mountain	Taylor's Pond	Total
Balance, October 4, 2021	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Option payments – cash	35,000	-	-	-	-	-	-	35,000
Balance, June 30, 2022	$ 35,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,000
Option payments – cash	-	19,421	5,365	9,871	4,614	1,824	8,905	50,000
Option payments – shares	175,000	116,524	32,189	59,227	27,682	10,944	53,434	475,000
Balance, June 30, 2023	$ 210,000	$135,945	$ 37,554	$ 69,098	$ 32,296	$ 12,768	$ 62,339	$ 560,000

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures on the Wing Pond Project:

	For the year ended June 30, 2023	For the period from incorporation on October 4, 2021 to June 30, 2022
Field office	$ 989	$ 6,605
Geological and geophysical	47,023	7,000
Staking	5,330	-
Surveying	-	70,875
Technical report	1,950	12,500
Travel, logistics & camp costs	14,429	36,045
Total expenditures for the period	$ 69,721	$ 133,025

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

Year ended June 30, 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, of which $33,375 had been recorded as deferred financing costs as at June 30, 2022.

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%, expected dividend rate of 0%, 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.

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 $16,272 using the Black-Scholes inputs: risk-free interest rate of 3.70%, volatility of 104.95%, expected dividend rate of 0% 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.

On June 13, 2023, the Company issued 1,000,000 common shares in accordance with the Gold Hunter PPA.

In connection with the year ended June 30, 2023, the Company announced the issuance of 225,000 shares at a price of $0.19 per share to non-executive directors that were issued subsequent to the year ended (Note 11).

Pursuant to an escrow agreement dated December 22, 2022, the directors of the Company agreed to deposit 5,216,666 common shares in escrow. Under the terms of the escrow agreement, 10% of the escrowed securities will be released from escrow on the listing date of the Company's common shares on the TSX Venture Exchange. The listing date was February 28, 2023. An additional 15% will be released from escrow on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the listing date.

At June 30, 2023, there were 4,695,000 (2022 - n/a) common shares held in escrow.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL *(cont'd…)*

b) Issued share capital *(cont'd…)*

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. The required exploration expenditures have been fully incurred as at June 30, 2022.

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) Stock Options

On July 21, 2022, the Company adopted a formal Stock Option Plan (the "Option Plan"). Under the Option Plan, the exercise price of each option shall be not less than the market price on the grant date. The expiry date for each option shall not be more than ten years after the grant date. The maximum number of shares issuable pursuant to options granted under the Option Plan shall be equal to 10% of Company's issued share capital from time to time. An option shall be grated as fully vested unless a vesting schedule is imposed by the Board as a condition of the grant on the Grant Date.

At June 30, 2023 and 2022, no stock options were outstanding.

d) 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	2,650,000	0.05
Balance, June 30, 2022 and 2023	2,650,000	$ 0.05

(Expressed in Canadian Dollars)

5. SHARE CAPITAL *(cont'd…)*

d) Warrants *(cont'd…)*

Summary of warrants outstanding as at June 30, 2023 and 2022:

June 30, 2023	June 30, 2022	Exercise Price	Expiry Date
		$	
1,000,000	1,000,000	0.05	November 19, 2024
300,000	300,000	0.05	December 3, 2024
1,350,000	1,350,000	0.05	December 14, 2024
2,650,000	2,650,000		

The weighted average remaining contractual life of the warrants is 1.43 (2022 - 2.43) years.

e) Agent Options

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

	Number of Agent Options	Weighted Average Exercise Price
Balance, October 4, 2021 and June 30, 2022	-	$ -
Issued	505,525	0.175
Balance, June 30, 2023	505,525	$ 0.175

Summary of agent options outstanding as at June 30, 2023 and 2022:

June 30, 2023	June 30, 2022	Exercise Price	Expiry Date
		$	
439,587	-	0.175	February 23, 2025
65,938	-	0.175	March 21, 2025
505,525	-		

The weighted average remaining contractual life of the agent options is 1.66 (2022 - n/a) years.

(Expressed in Canadian Dollars)

6. 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:

Payments to key management personnel		For the year ended June 30, 2023		For the period from incorporation on October 4, 2021 to June 30, 2022
Consulting fees	$	32,000	$	12,000[1]
Directors' fees	$	50,250[2]	$	-
Management fees	$	70,000	$	30,000

(1) Consulting fees include fees to the former CFO of $10,500.

(2) Directors' fees include $42,750 in shares (Note 11).

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

7. INCOME TAXES

		For the year ended June 30, 2023		Period from incorporation on October 4, 2021 to June 30, 2022
Income before income tax	$	(437,289)	$	(225,379)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery	$	(118,000)	$	(61,000)
Share issuance costs		(84,000)		(2,000)
Changes in benefits not recognized		202,000		63,000
Income tax expense (recovery)	$	-	$	-

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

(Expressed in Canadian Dollars)

7. INCOME TAXES *(cont'd…)*

	For the year ended June 30, 2023	Period from incorporation on October 4, 2021 to June 30, 2022
Non-capital losses	$ 146,000	$ 25,000
Exploration and evaluation assets	22,000	6,000
Share issue costs and other	69,000	2,000
Unrecognized deductible temporary differences	$ 237,000	$ 33,000

As at June 30, 2023, the Company has Canadian non-capital losses of $539,000 that may be applied to reduce future taxable income. If these losses are not used to offset future income, they will expire through the year ended June 30, 2043.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENTS

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.

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 June 30, 2023, the Company had working capital of $469,207 (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 June 30, 2023.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENTS *(cont'd…)*

Financial instruments *(cont'd…)*

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 June 30, 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.

9. 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 $1,029,207 (2022 - $278,562) as at June 30, 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 year ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

10. SEGMENTED INFORMATION

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

11. SUBSEQUENT EVENT

On September 12, 2023, the Company issued 225,000 shares at a price of $0.19 per share to non-executive directors in connection with the June 30, 2023 year end.