Western Star Resources Inc.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Mao & Ying LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Western Star Resources Inc.**

Opinion

We have audited the financial statements of **Western Star Resources Inc.** (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and 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 December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significate doubt about 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 of the current period. 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.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of this report, we have determined the matter described below to be the key audit matter to be communicated in this report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the financial statements, the carrying amount of the Company's E&E Assets was $157,179 as at December 31, 2022. As more fully described in Note 2 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators;
- Evaluating the intent for the E&E Assets through discussion and communication with management;
- Reviewing the Company's recent expenditure activity; and
- Obtaining supporting of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Linda Zhu.

MaoX Ying LLP

Vancouver, Canada,
May 1, 2023

Chartered Professional Accountants

WESTERN STAR RESOURCES INC.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	December 31, 2022 $	December 31, 2021 $
ASSETS		
Current		
Cash (Note 5)	**296,129**	53,530
Accounts receivable (Note 6)	**13,889**	16,154
Prepaid expense	**5,000**	1,872
Total current assets	**315,018**	71,556
Prepaid exploration expenditures	**4,000**	4,000
Security deposit (Note 7)	**21,000**	21,000
Mineral property and exploration expenditures (Note 7)	**157,179**	142,179
Total assets	**497,197**	238,735
LIABILITIES		
Current		
Accounts payables (Note 8)	**43,554**	54,602
Accrued liabilities	**3,150**	176,000
Due to related parties (Note 8)	**2,282**	4,375
Total current liabilities	**48,986**	234,977
Long term payable (Note 7)	**50,000**	-
Total liabilities	**98,986**	234,977
EQUITY		
Share capital and reserves (Note 9)	**797,100**	223,100
Shares to be issued	**-**	10,000
Accumulated deficit	**(398,889)**	(229,342)
Total equity	**398,211**	3,758
Total liabilities and equity	**497,197**	**238,735**

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Notes 7 and 10)
Subsequent Event (Note 13)

Approved on behalf of the Board of Directors on May 1, 2023:

"Blake Morgan" (signed)
Director

"Dallas Miller" (signed)
Director

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

WESTERN STAR RESOURCES INC.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended December 31

	2022 $	2021 $
Bank charges	**105**	72
Consulting fees	**75,000**	175,000
Office, general and administration	**2,301**	10,148
Professional fees	**65,422**	9,831
Rent	**-**	18,000
Transfer agent and filing fees	**17,719**	-
Provision against other receivable	**9,000**	-
Net loss and comprehensive loss	**169,547**	**213,051**
Loss per share - basic and diluted	**(0.02)**	(0.04)
Weighted average number of common shares - basic and diluted	**9,380,575**	5,656,000

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

WESTERN STAR RESOURCES INC.

Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Shares to be issued	Accumulated deficit	Total
Balance at December 31, 2020	**5,656,000**	**$ 223,100**	**$ -**	**$ (16,291)**	**$ 206,809**
Net loss for the year	**-**	**-**	**-**	**(213,051)**	**(213,051)**
Share subscription received	**-**	**-**	**10,000**	**-**	**10,000**
Balance at December 31, 2021	**5,656,000**	**223,100**	**10,000**	**(229,342)**	**3,758**
Net loss for the year	**-**	**-**	**-**	**(169,547)**	**(169,547)**
Shares issuance for cash	**5,740,000**	**574,000**	**(10,000)**	**-**	**564,000**
Balance at December 31, 2022	**11,396,000**	**797,100**	**-**	**(398,889)**	**398,211**

The accompanying notes are an integral part of these financial statements

WESTERN STAR RESOURCES INC.

Statements of Cash Flows

(Expressed in Canadian dollars)
For the years ended

	December 31, 2022 $	December 31, 2021 $
Operating activities		
Net loss for the year	**(169,547)**	(213,051)
Provision against other receivable	**9,000**	-
Change in non-cash working capital		
Accounts receivable	**(6,735)**	(6,585)
Prepaid expenses	**(3,128)**	5,689
Accrued liabilities	**(172,850)**	171,000
Accounts payables	**38,952**	4,602
Due to related parties	**(2,093)**	3,847
Cash used in operating activities	**(306,401)**	(34,498)
Investing activities		
Exploration expenditures	**(15,000)**	-
Recovery of exploration expenditures – BC Mining Tax Credits	**-**	24,505
Security deposit	**-**	(21,000)
Cash (used in) provided by investing activities	**(15,000)**	3,505
Financing activities		
Issuance of share capital for cash	**564,000**	-
Share subscription received	**-**	10,000
Cash provided by financing activities	**564,000**	10,000
Increase (decrease) in cash	**242,599**	**(20,993)**
Cash, beginning of year	**53,530**	**74,523**
Cash, end of year	**296,129**	**53,530**

Supplementary Information		
Interest paid	**-**	-
Income tax paid	**-**	-

The accompanying notes are an integral part of financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Western Star Resources Inc. ("WS" or the "Company") was incorporated under the *Business Corporation Act* of British Columbia in Canada on July 20, 2020. The Company's head office is located at Unit 114B – 8988 Fraserton Court, Burnaby, BC V5J 5H8. The Company is an exploration stage company and currently has interests in exploration properties in British Columbia, Canada. Substantially all of the Company's efforts are devoted to financing, exploring and evaluating these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

On January 25, 2023, the Company obtained a final receipt of the Long Form Prospectus from the British Columbia Securities Commission to become a reporting issuer. The Company also received the final approval to be listed on the Canadian Securities Exchange ("CSE") on February 7, 2023 and has commenced listing of its common shares for trading on CSE since February 9, 2023 under the symbol ("WSR").

As at December 31, 2022, the Company had working capital of $266,032 (December 31, 2021 - $163,421 (deficit)), had not yet achieved profitable operations, had accumulated deficit of $398,889 (December 31, 2021 - $229,342) and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty that cast significant doubt as to whether the Company can continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain. Failure to achieve the above could have a significant impact on the Company's ability to continue as a going concern.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. BASIS OF PREPARATION

2.1 Statement of compliance and presentation

These financial statements have been prepared in accordance with International Financial Accounting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company's reporting and functional currency is the Canadian dollar.

2.3 Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

2.4 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to the calculation of warrants.

Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Impairment assessment of exploration and evaluation assets

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. Management considers both external and internal sources of information in assessing whether there are any indications that the Company's mining properties and exploration and evaluation assets are impaired.

External sources of information management consider include changes in the market, economic and legal environments, in which the Company operates, that are not within its control and that affect the recoverable amount of its mining properties.

2. BASIS OF PREPARATION (continued)

2.4 Use of management estimates, judgments and measurement uncertainty (continued)

***Impairment assessment of exploration and evaluation assets*(continued)**

Internal sources of information that management considers include (i) the manner in which mining properties are being used, or are expected to be used and the period for which the Company has the right to explore in the specific area; (ii) indications of economic performance of the assets; (iii) whether substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; and (iv) whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

As at December 31, 2022 and 2021, the Company has assessed that there are no impairment indicators with respect to its exploration and evaluation assets.

Going concern

The determination that the Company will continue as a going concern for the next year requires significant judgement. The factors considered by management are discussed in Note 1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

At the time of these financial statements, the Company does not own or control any subsidiary. Control is achieved when the Company has exposure to, or has rights to, variable returns from an investee as well as the ability to affect those returns through the power to direct their relevant activities. Should the Company control any subsidiary in the future, the results of subsidiaries acquired or disposed of during the year would then be included in the consolidated statement of comprehensive loss from the effective date of control or up to the effective date of loss of control, as appropriate. All inter-company transactions, balances, income and expenses would then be eliminated in full on consolidation.

3.2 Mineral properties

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Mineral properties(continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

When the Company's exploration and development activities are conducted jointly with others, the financial statements include only the Company's proportionate interests in these arrangements.

3.3 Decommissioning, restoration, and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no significant decommissioning liability as at December 31, 2022 and 2021.

3.4 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Taxation (continued)

Deferred income tax (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted loss per share assumes that the proceeds upon the exercise of the options and warrants are used to repurchase common shares at the average market price during the year. During the year ended December 31, 2022 and 2021, all of the outstanding warrants were antidilutive.

3.6 Financial assets

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) fair value through profit or loss ("FVTPL").

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method. The Company classified cash, and accounts receivable at amortized cost.

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI. As at December 31, 2022 and 2021, the Company does not have any financial assets classified as FVTOCI.

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset. As at December 31, 2022 and 2021, the Company does not have any financial assets classified as FVTPL.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as amortized cost or FVTPL.

Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. The Company's trade and other payables and due to related parties are recorded at amortized cost. The Company classified the accounts payable, accrued liabilities, due to related parties and long term payable as amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of loss. As at December 31, 2022 and 2021, the Company does not have any financial liabilities classified as FVTPL.

3.8 Impairment of financial assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or group of financial assets measured at amortized cost are impaired. Impairment losses and reversal of impairment losses, if any, are recognized in profit or loss in the period they are incurred.

3.9 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Cash

Cash in the statements of financial position comprise cash at banks.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

3.12 Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

4. FINANCIAL RISK FACTORS

Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. The Company's current policy is to invest excess cash in interest bearing deposits issued by its banking institutions.

The Company’s maximum exposure to credit risk as at December 31, 2022 is the carrying value of cash, and accounts receivables. The majority of the Company’s cash is held in Canadian chartered banks.

Market Risk

Foreign Currency Risk
The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company does not subject to significant foreign currency risk.

Equity Price Risk
Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company has no exposure to fair value fluctuations. The Company's financial instruments are not subject to equity price risk.

(Expressed in Canadian dollars)

4. FINANCIAL RISK FACTORS (continued)

Fair Value

Cash, and accounts receivables are measured at amortized cost which approximates fair value due to their short-term nature. Accounts payable, accrued liabilities and due to related parties are measured at amortized cost which also approximates fair value due to their short-term nature. Long term payable in the amount of $50,000, is measured at the amortization cost representing the acquisition cost due on or around February 2024 (Note 7). The fair value of long term payable calculated based on future cash outflow discounted at the interest rate applicable to the Company is not materially different from its carrying value as at December 31, 2022. .

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at December 31, 2022, the Company does not have any financial instruments measured at fair value and that require classification within the fair value hierarchy.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had current assets of $315,018 and current liabilities of $48,986. The Company's trade and other payables and receivables are subject to normal trade terms. As at December 31, 2022, the Company had working capital of $266,032.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

5. CASH

The balance at December 31, 2022 consists of cash on deposit with Canadian banks in general interest-bearing accounts totaling $296,129.

6. ACCOUNTS RECEIVABLE

The Company's accounts receivable arise from harmonized sales tax ("GST/HST") due from the Canadian government..

	As at December 31 2022	As at December 31 2021
Other receivable (Note 8)	$ -	$ 9,000
GST/HST receivable	13,889	7,154
Total trade and other receivables	$ 13,889	$ 16,154

At December 31, 2022, the Company has taken a full provision against the other receivable from a related company. The provision will be reversed once the amount is received in the future.

(Expressed in Canadian dollars)

7. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are segregated as follows:

		December 31 2022		December 31 2021
Opening balance	$	**142,179**	$	**166,684**
Exploration expenditures		**15,000**		**-**
Recovery of exploration expenditures – BC Mining Tax Credits		**-**		**(24,505)**
Total	$	**157,179**	$	**142,179**

Western Star Claims

On July 28, 2020, the Company acquired a 100% interest in 9 mineral claims covering property located in British Columbia, Canada from an arms-length individual (the "Vendor").

According to the sale and purchase agreement, the Company agreed to:

- pay to the Vendor the sum of $20,000 on signing (Paid);
- pay to the Vendor the sum of $50,000 within 365 days from signing (Extended - see below) (As at December 31, 2022 and December 31, 2021, this amount has been accrued and recorded as acquisition cost of Western Star claims);
- perform $80,000 worth of exploration work by Vendor on the property within 3 months of signing (Completed);
- an NSR of 1.5% shall be retained by the Vendor of which the NSR can be purchased from the Seller at any time for $1,500,000.

The Company received a refund of BC Mining Tax credits of $24,505 for work performed on its mineral property during the year ended December 31, 2021.

To prepare for the work permit applied in relation to the notice of work and reclamation program submitted to the Ministry of Energy, Mines and Low Carbon Innovation ("the Ministry"), the Company posted a security deposit in the form of a GIC of $21,000 with Bank of Montreal and signed the safe keeping agreement with the Ministry.

On March 18, 2021, the Company amended the sale & purchase agreement with the Vendor by inserting an addendum to the agreement to extend the payment expiry date for the remaining purchase price of the mineral claims of $50,000 till September 18, 2022. The Company entered into an amendment to the option purchase agreement, dated December 8, 2022, removing the requirement to make the $50,000 cash payment on the anniversary of the agreement, and instead requiring the $50,000 cash payment to be made within 13 months of the listing of the common shares of the Company on a stock exchange (Note 1). The option purchase agreement is otherwise unchanged and remains in full force and effect.

(Expressed in Canadian dollars)

8. RELATED PARTY DISCLOSURES

Related party transactions were conducted in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

As at December 31, 2022, included in the accounts receivable, $Nil (December 31, 2021 - $9,000) is due from an entity related to the Company by common directors, representing the shared office rent receivable (Note 6).

As at	December 31, 2022	December 31, 2021
Amount included in due to related parties	$ 2,282	$ 4,375

Due to related parties include payable to the former CEO and the former CFO in the amount of $2,269 (December 31, 2021 - $Nil) and $13 (December 31, 2021 - $4,375) respectively. These due to parties payable are non-secured and non-interest bearing with no fixed terms of repayment.

The Company incurred consulting fees of $Nil to its officers and directors during the year ended December 31, 2022 (December 31, 2021 - $125,000). As at December 31, 2022, $Nil (December 31, 2021 - $125,000) has been included in the accrued liabilities.

In October 2021, the Company entered a strategic consulting agreement with an entity controlled by an individual who became a director of the Company in June 2022, pursuant to which the Company agreed to pay $100,000 (paid in May 2022) for the twelve months services upon completion of a financing raising minimum of $400,000. During the year ended December 31, 2022, the Company recorded $75,000 consulting service relating to this agreement.

Key management personnel comprise the Company's board of directors and executive officers. Other than those disclosed above, no other remuneration was paid to key management personnel during the years ended December 31, 2022 and 2021.

9. SHARE CAPITAL

(a) Common Shares

The Company's authorized share capital consists of an unlimited number of common shares and with no par value.

The issued and outstanding common shares are as follows:

	Number of Shares	Stated Value
Balance, December 31, 2020 and 2021	**5,656,000**	**223,100**
Shares issued for cash at $0.10 per unit	**5,740,000**	**574,000**
Balance, December 31, 2022	**11,396,000**	**797,100**

There was no share issuance during the year ended December 31, 2021, but received investor deposits of $10,000 from certain investors which amount was included as shares to be issued. These shares have been issued on April 8, 2022 (see below).

On April 8, 2022, the Company issued 240,000 units at $0.10 per unit for gross proceeds of $24,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $0.20 for two years from the date of closing.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(a) Common Shares (continued)

On April 22, 2022, the Company issued 1,850,000 units at $0.10 per unit for gross proceeds of $185,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange. .

On April 29, 2022, the Company issued 1,130,000 units at $0.10 per unit for gross proceeds of $113,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange.

On May 27, 2022, the Company issued 2,520,000 units at $0.10 per unit for gross proceeds of $252,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share for $0.20 for two years from the date of closing. These common shares are issued with certain restrictions on trading such that 1/3 of them would be freely tradable four months plus one day from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; 1/3 of them would be freely tradable eight months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange; and the remaining 1/3 would be freely tradable twelve months from the day of the Company's common shares starts trading on a qualified Canadian stock exchange. One of the shareholders who had subscribed for 1,000,000 units from this tranche has joined the board in June 2022 and become a director of the Company.

The Company has allocated 100% proceeds to common shares and $Nil to share purchase warrants by applying the residual approach.

(b) Warrants

The outstanding warrants at December 31, 2022 are comprised as follows:

Date of Expiry	Type	No. of Warrants	Weighted Average Exercise Price $
February 9, 2024	Warrants – Private Placement	**1,056,000**	**0.20**
April 8, 2024	Warrants – Private Placement	**240,000**	**0.20**
April 22, 2024	Warrants – Private Placement	**1,850,000**	**0.20**
April 29, 2024	Warrants – Private Placement	**1,130,000**	**0.20**
May 27, 2024	Warrants – Private Placement	**2,520,000**	**0.20**
Total		**6,796,000**	**0.20**

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(b) Warrants (continued)

During the year ended December 31, 2022, the holders of all of the 3,000,000 warrants issued by the Company as a part of unit financings completed in fiscal year 2020 with the exercise price of $0.05 per share signed acknowledgments and agreed to cancel these warrants without further compensations. The Company also extended the terms of 1,056,000 common share purchase warrants from December 31, 2022 to twelve (12) months after the date of the common shares of the Company is listed on a Canadian stock exchange. These warrants were issued pursuant to the private placement of 1,056,000 units at a price of $0.10 per unit to arms-length parties for proceeds of $105,600 on December 31, 2020.

The weighted average remaining life of the outstanding warrants at December 31, 2022 is 1.32 years using the expiry dates from the date of warrants issuance dates.

Continuity of the warrants to purchase common shares is as follows:

	2022		2021	
	Weighted Average Exercise Price ($)	**No. of Warrants**	**Weighted Average Exercise Price ($)**	**No. of Warrants**
Outstanding at beginning of year	**0.12**	**5,656,000**	**0.12**	**5,656,000**
Transactions during the year:				
Issued on private placements	**0.20**	**5,740,000**	-	-
Expired/cancellation of warrants	**0.10**	**(4,600,000)**	-	-
Outstanding and exercisable at end of year	**0.20**	**6,796,000**	**0.12**	**5,656,000**

(c) Options

The Company has adopted an incentive stock option plan and approved by the Company's Annual General Meeting dated August 2, 2022 (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. There was no option granted or outstanding as at and during the year ended December 31, 2022.

10. COMMITMENTS AND CONTINGENCIES

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

11. SEGMENTED INFORMATION

Operating Segments

At December 31, 2022, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Information

The Company currently has one reportable segment for the years ended December 31, 2022 and 2021, being the exploration and evaluation of mineral properties in Canada.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022 and 2021.

(Expressed in Canadian dollars)

12. CAPITAL MANAGEMENT(continued)

The Company considers its capital to be equity, which is comprised of share capital, reserve for warrants and share based payments and accumulated deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and to obtain sufficient funding to further the identification of mineral deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in interest bearing accounts with a Canadian financial institution.

13. INCOME TAXES

Income Tax Provision

A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the year ended December 31, 2022 and 2021 is as follows:

	2022	2021
Loss for the year	**(169,547)**	**(213,051)**
Combined statutory income tax rate	**27%**	**27%**
Recovery of income taxes computed at statutory rates	**(45,778)**	**(57,524)**
Tax benefits of losses and temporary differences not recognized	**45,778**	**57,524**
Income tax provision	**-**	**-**

Deferred Income Tax Recovery

The Canadian statutory income tax rate of 27% is comprised of the federal income tax rate at approximately 15.0% and the provincial income tax rate of approximately 12%. The primary differences which give rise to the deferred income tax recoveries at December 31, 2022 and 2021 are as follows:

	2022	2021
Deferred income tax assets		
Non-capital losses carried forward	**107,700**	**61,922**
Exploration and evaluation assets	**19,488**	**15,438**
Unrecognized deferred income tax assets	**(127,188)**	**(77,361)**
Net deferred tax assets	**-**	**-**

The Company has available for carry forward non-capital losses in Canada of $398,889 to offset future taxable income which shall expire at various dates between 2040 and 2042.

In addition, the Company has available for carry forward indefinitely Canadian exploration expenditures of $157,179 as at December 31, 2022, which under certain circumstances, may be utilized to reduce taxable income in future years.

14. SUBSEQUENT EVENT

On January 25, 2023, the Company obtained a final receipt of the Long Form Prospectus from the British Columbia Securities Commission to become a reporting issuer. The Company also received the final approval to be listed on the Canadian Securities Exchange ("CSE") on February 7, 2023 and has commenced listing of its common shares for trading on CSE since February 9, 2023 under the symbol ("WSR").