CARAVAN ENERGY CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023, AND 2022

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Caravan Energy Corporation

Opinion

We have audited the financial statements of Caravan Energy Corporation (the "Company"), which comprise the statements of financial position as at June 30, 2023 and June 30, 2022 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 June 30, 2023 and June 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty 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 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. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 auditor's 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 auditor's report is Hilda Leung.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
October 16, 2023

CARAVAN ENERGY CORPORATION
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30,

		2023		2022
ASSETS				
Current assets				
Cash	$	127,107	$	358,025
GST receivable		13,140		3,511
Deferred listing costs		-		21,912
Prepaid expenses		30,229		-
Total current assets		170,476		383,448
Non-current assets				
Exploration and evaluation assets (Note 4)		230,905		40,500
Total assets	$	401,381	$	423,948
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	$	159,278	$	59,448
Loans payable (Note 5)		-		7,500
Total current liabilities		159,278		66,948
Equity				
Share capital (Note 6)		613,450		425,000
Obligation to issue shares (Note 6)		780,000		-
Deficit		(1,151,347)		(68,000)
Total equity		242,103		357,000
Total liabilities and equity	$	401,381	$	423,948

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized on behalf of the Board:

"Gurcharn Deol", Director *"Robert Krause"*, Director

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

CARAVAN ENERGY CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED JUNE 30,

		2023		2022
EXPENSES				
Consulting fees (Note 7)	$	49,730	$	17,000
Exploration costs		8,400		-
Insurance		4,370		-
Office and miscellaneous		5,290		438
Professional fees (Note 7)		73,400		49,326
Salaries and benefits (Note 7)		3,870		-
Share-based compensation (Note 6)		780,000		-
Transfer agent and regulatory fees		55,339		236
Operating loss		(980,399)		(67,000)
OTHER EXPENSE				
Listing fees		(102,948)		-
Other expense		(102,948)		-
Net loss and comprehensive loss for the year	$	(1,083,347)	$	(67,000)
Loss per share				
Basic & diluted	$	(0.08)	$	(0.02)
Weighted average number of shares outstanding				
Basic & diluted		13,659,730		3,646,576

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

CARAVAN ENERGY CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED JUNE 30,

		2023		2022
CASH FLOW FROM OPERATING ACTIVITIES				
Net loss for the year	$	(1,083,347)	$	(67,000)
Items not affecting cash from operations:				
Shares for services		3,000		-
Share-based compensation		780,000		-
Changes in non-cash working capital:				
Prepaid expenses		(30,229)		-
GST receivable		(9,629)		(3,511)
Deferred listing costs		21,912		(21,912)
Accounts payable and accrued liabilities		26,648		58,448
Net cash used in operating activities		(291,645)		(33,975)
CASH FLOW FROM INVESTING ACTIVITY				
Acquisition of exploration and evaluation assets		(97,223)		(40,500)
Net cash used in investing activity		(97,223)		(40,500)
CASH FLOW FROM FINANCING ACTIVITIES				
Share issuance costs		(2,264)		-
Proceeds from special warrants		197,750		-
Special warrant issuance costs		(35,836)		-
Proceeds from the exercise of securities		5,800		-
Proceeds from issuance of shares		-		420,000
Repayment of loan payable		(7,500)		-
Net cash provided by financing activities		157,950		420,000
Change in cash		(230,918)		345,525
Cash, beginning of year		358,025		12,500
Cash, end of year	$	127,107	$	358,025
SUPPLEMENTAL INFORMATION				
Exploration and evaluation assets acquired with shares	$	20,000	$	-
Exploration and evaluation expenditures in accounts payable	$	73,182	$	-
Interest paid	$	-	$	-
Repurchase of shares	$	-	$	7,500

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

CARAVAN ENERGY CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital					
	Common Shares	Amount	Special Warrants Reserve	Obligation to Issue Shares	Deficit	Total Equity
Balance, June 30, 2021	2,500,001	$ 12,500	$ -	$ -	$ (1,000)	$ 11,500
Issuance of shares for cash	12,000,000	420,000	-	-	-	420,000
Repurchase of shares	(1,500,001)	(7,500)	-	-	-	(7,500)
Loss for the year	-	-	-	-	(67,000)	(67,000)
Balance, June 30, 2022	13,000,000	$ 425,000	$ -	$ -	$ (68,000)	$ 357,000
Balance, June 30, 2022	13,000,000	$ 425,000	$ -	$ -	$ (68,000)	$ 357,000
Issuance of shares for services	30,000	3,000	-	-	-	3,000
Share issuance costs	-	(2,264)	-	-	-	(2,264)
Exercise of warrants	29,000	5,800	-	-	-	5,800
Issuance of special warrants	-	-	197,750	-	-	197,750
Special warrant issuance costs	-	-	(35,836)	-	-	(35,836)
Exercise of special warrants	1,977,500	161,914	(161,914)	-	-	-
Issuance of shares for option agreement	200,000	20,000	-	-	-	20,000
Share-based compensation	-	-	-	780,000	-	780,000
Loss for the year	-	-	-	-	(1,083,347)	(1,083,347)
Balance, June 30, 2023	15,236,500	$ 613,450	$ -	$ 780,000	$ (1,151,347)	$ 242,103

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Caravan Energy Corporation ("Caravan" or the "Company") is a company incorporated on October 21, 2020, under the Business Corporations Act (British Columbia). The registered and records office of the Company is located at 2700 – 1133 Melville Street, Vancouver, BC V6E 4E5. The head office of the Company is located at 220 – 333 Terminal Avenue, Vancouver, BC V6A 4C1. The Company is in the business of acquiring, exploring, and evaluating mineral resource properties in Canada. The Company's shares commenced trading on the Canadian Securities Exchange ("CSE") on March 17, 2023, under the trading symbol "CNRG".

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. During the year ended June 30, 2023, the Company incurred a net loss of $1,083,347 (2022 - $67,000) and as of June 30, 2023, had an accumulated deficit of $1,151,347 (2022 - $68,000). The Company has not generated cash inflows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders, and other investors and/or generate profitability and positive cash flow. These financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying financial statements. Such adjustments could be material.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the relations between NATO and Russian Federation regarding the situation in Ukraine and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. BASIS OF PRESENTATION

Statement of Compliance

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

These financial statements were authorized and issued by the Board of Directors on October 16, 2023.

Significant Accounting Judgements and Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appears throughout the financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

<u>Significant accounting judgments</u>

Management must make judgments given the various options available as per accounting standards for items included in the financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

i) Assessment of the Company's ability to continue as a going concern – The assessment involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

ii) Impairment – At least annually or whenever there is an indicator for impairment, management evaluates the recoverable amount of its exploration and evaluation assets. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests. The Company uses several criteria in its assessments of economic recoverability and profitability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities, existing permits, and ability to continue development. Management has determined that there are no indicators of impairment on its exploration and evaluations assets.

<u>Critical accounting estimates</u>

Critical accounting estimates are those key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. The Company does not have any critical accounting estimates.

New IFRS Pronouncements

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. These amendments will be applied in the annual period for which they are first required.

<u>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2</u>

In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1). The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period. Management will assess the impact of this standard.

In February 2021, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2. The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment requires that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment is not expected to have a significant impact on the preparation of future financial statements.

<u>Amendments to IAS 8 Definition of Accounting Estimates</u>

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after January 1, 2023, and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. This amendment is not expected to have a significant impact on the preparation of future financial statements.

Amendments IAS 12 Income Taxes

In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023. This amendment is not expected to have a significant impact on the preparation of future financial statements.

There are no other IFRS's or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a material impact on the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently by the Company to all periods presented during the most recent fiscal year.

Foreign Currency Translation

Foreign currency translations are translated into Canadian as follows:
(i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
(ii) Non-monetary assets and liabilities; at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities or revalued amount at the exchange rate in effect at the statement of financial position date; and
(iii) Revenue and expense items, at the rate of exchange prevailing at the transaction date.

Gains and losses arising from the translation of foreign currency are included in the determination of net loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Diluted earnings per share, where applicable, is computed by dividing the net income attributed to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. All potentially dilutive instruments were excluded from the diluted earnings per share calculation during the years ended June 30, 2023 and

2022 due to having an anti-dilutive effect on loss per share.

Share Capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and development of its projects. These equity financing transactions may involve issuance of common shares and warrants. The Company's common shares are classified as equity instruments. Warrants that are issued as payment for transaction costs are accounted for as share-based payments and recognized as share issuance costs and reserves.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to the residual method. Under the residual method, the Company allocates a portion of net proceeds to shares based on their fair value. The remaining net proceeds received are allocated to the warrant component.

If the Company reacquires its own shares from shareholders, those shares are deducted from share capital. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration received on reacquisition of its own shares is recognized directly by the Company in equity.

Share-based Payments

Where equity-settled share-based equity awards are awarded to employees, the fair value of the instruments at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of equity instruments are modified before they vest, the increase in the fair value of the instruments, measured immediately before and after the modification, is charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received or at the fair value of the equity instruments issued if it is determined the fair value of goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of equity instruments is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in contributed surplus for stock options which expire unexercised remain in contributed surplus.

The Company measures the cost of equity-settled share-based transactions by reference to the fair value of the equity instruments at the date at which they are granted. For restricted share units ("RSU"), the fair value of the grant is determined by multiplying the Company's share price at grant date by the number of RSU granted. The resulting fair value of the RSU is then adjusted for an estimated forfeiture rate which is determined based on historical data and is recognized over the vesting period. Actual number of RSU that will eventually vest is likely to be different from estimation.

Financial Instruments

Financial assets

(i) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(ii) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The Company's business model for such financial assets, is to hold the asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is remeasured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

(i) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(ii) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

Financial liabilities measured at amortized cost

A financial liability measured at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

Financial liability measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is remeasured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

(iii) Derecognition of financial liabilities

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

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Exploration and Evaluation Assets

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred. Once the legal right to explore has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation expenditures, including general administration and overhead costs are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects for the Company, the exploration and evaluation expenditures, along with the acquisition costs, are deemed to be impaired and written off.

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, tested for impairment and is classified as 'Mines under construction'.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there are any indicators that the carrying value of those assets are impaired and may not be recoverable. 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 the statement of loss and comprehensive loss to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but 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 CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. 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. As at June 30, 2023 and 2022, the Company did not have any decommissioning obligations.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

The following table summarizes costs of expenditures on exploration and evaluation assets for the years ended June 30, 2023, and 2022.

Acquisition costs		EBB Nickel-Cobalt		Total
Balance at June 30, 2021	$	-	$	-
Additions		40,500		40,500
Balance at June 30, 2022		40,500		40,500
Additions		44,500		44,500
Balance at June 30, 2023	**$**	**85,000**	**$**	**85,000**

Exploration Costs		EBB Nickel – Cobalt		Total
Balance at June 30, 2021 and 2022	$	-	$	-
Geological consulting		81,750		81,750
Sampling		20,380		20,380
Magnetic surveying		19,800		19,800
Equipment rental		23,975		23,975
Balance at June 30, 2023	**$**	**145,905**	**$**	**145,905**

Balance at June 30, 2022	**$**	**40,500**	**$**	**40,500**
Balance at June 30, 2023	**$**	**230,905**	**$**	**230,905**

<u>EBB Nickel-Cobalt Property</u>

On June 15, 2022, the Company entered into an option agreement to acquire a 100% undivided interest in the EBB Nickel-Cobalt Property subject to a 2% net smelter return royalty payable to the optionor. This property is located near Port Renfrew, BC. In order to exercise the option agreement, the Company must make the following payments:

- Cash payment of $30,000 upon execution of the option agreement – paid;
- Cash payment of $35,000 within four months of executing the option agreement – paid;
- Share payment of 200,000 shares on the date the Company's shares are listed for trading on a stock exchange in Canada – paid;
- Cash payment of $30,000 and share payment of 250,000 shares on the first anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada;
- Cash payment of $40,000 and share payment of 300,000 shares on the second anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada.

The Company is also obligated to incur the following expenditures under the option agreement in order to earn its interest:

- Incur expenditures of $110,000 on or before the first anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada;
- Incur expenditures of $240,000 on or before the second anniversary of the date the Company's shares are listed for trading on a stock exchange in Canada.

The Company has the right to purchase 50% of the NSR, being one percent (1%), from the optionor in exchange for cash payment of $1,000,000 payable to the optionor.

5. LOANS PAYABLE

On March 21, 2022, the Company repurchased 1,500,001 shares from a former director. The repurchased shares were transferred to treasury for cancellation. In connection with the repurchase, the Company has an obligation to pay $7,500 to the former director. This amount is non-interest bearing, unsecured and has no fixed terms of repayment. As of June 30, 2023, no balance remains outstanding (2022 - $7,500).

6. SHARE CAPITAL

a) Authorized share capital:

Unlimited number of common shares without par value.

b) Issued share capital:

As at June 30, 2023, the Company had 15,236,500 common shares issued and outstanding (2022 – 13,000,000).

During the year ended June 30, 2023:

On December 5, 2022 the Company issued 30,000 common shares for professional services with a fair value of $3,000.

On March 15, 2023 the Company issued 1,977,500 common shares on exercise of the special warrants upon completion of the Company's IPO.

On March 17, 2023 the Company issued 200,000 common shares with a fair value of $20,000 pursuant to the EBB Nickel-Cobalt property option agreement.

During the year ended June 30, 2023, the Company received $5,800 in proceeds to exercise warrants and issue 29,000 shares.

During the year ended June 30, 2022:

On March 21, 2022, the Company repurchased 1,500,001 common shares from a former director in exchange for a $7,500 loan payable to the director. The repurchased shares were transferred to treasury for cancellation.

On April 19, 2022, the Company issued 6,000,000 common shares at a price of $0.02 per share for total proceeds of $120,000.

On June 7, 2022, the Company issued 6,000,000 units at a price of $0.05 per unit for total proceeds of $300,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable at a price of $0.10 until the earlier of June 7, 2026 and the date that is two years following the listing of the Company's shares on a stock exchange in Canada.

c) Shares in escrow:

As at June 30, 2023, the Company had 450,000 (2022 – Nil) shares in escrow. These shares are to be released from escrow in six equal tranches of 75,000 shares commencing on September 17, 2023 and continuing every six months thereafter.

d) Equity incentive compensation plan:

The Company established an equity incentive compensation plan for its directors, officers, employees, and consultants under which the Company may grant equity compensation awards from time to time to acquire shares. Under the plan, the maximum number of shares issuable pursuant to such awards shall be equal to 20% of the then issued and outstanding shares on a rolling basis. The exercise price of certain awards like stock options shall be determined by the Board of Directors and must be at least equal to the closing price of Company's shares on the CSE on the date such awards are granted. These awards are non-transferable and may be granted for a maximum of ten years from the date of issuance. When and if RSU becomes payable, the Board of Directors can determine and choose the form of payout between (i) cash, (ii) shares, (iii) a combination of both, or (iv) in any other form.

(Expressed in Canadian Dollars)

e) Restricted share units:

On June 2, 2023, the Company granted 2,000,000 RSU to consultants in exchange for services. The RSU vested immediately on grant and the Company recorded an obligation to issue shares in equity as the Company intends to settle the RSU through equity settlement. The Company recognized $780,000 in share-based compensation expenses pursuant to the vesting of these RSU during the year ended June 30, 2023.

f) Warrants:

As of June 30, 2023, warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, June 30, 2021	-	$	-
Granted	6,000,000		0.10
Balance, June 30, 2022	6,000,000		0.10
Granted	2,007,500		0.20
Exercised	(29,000)		0.20
Balance, June 30, 2023	**7,978,500**	**$**	**0.12**

During the year ended June 30, 2023, the Company issued 30,000 warrants with a fair value of $Nil in exchange for professional services and issued 1,977,500 warrants pertaining to the exercise of the special warrants upon completion of the Company's IPO. Both sets of warrants are exercisable at a price of $0.20.

The Company's 7,978,500 warrants expire on March 17, 2025.

During the year ended June 30, 2023, the Company received gross proceeds of $197,750 pertaining to the issuance of 1,977,500 special warrants priced at $0.10 per warrant. These special warrants were exercised in exchange for 1,977,500 common shares and 1,977,500 warrants upon completion of the Company's IPO. In connection with the special warrant financing, the Company incurred costs of $35,836 which have been netted against the gross proceeds.

7. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has determined that key management personnel consists of the Company's Board of Directors and its executive officers. During the years ended June 30, 2023 and 2022, the Company incurred the following fees charged by directors and officers and companies controlled by or employing directors and officers of the Company:

	Nature of transactions		2023		2022
Key management personnel:					
Company controlled by the current CEO	Consulting	$	26,000	$	12,000
Companies controlled by directors	Consulting		17,750		5,000
CFO	Salaries and benefits		3,640		-
Total		$	47,390	$	17,000

Further, the Company incurred $11,190 (2022 - $Nil) with a separate management entity for the provision of CFO services, which is included in professional and consulting fees. As of June 30, 2023, the Company owed $3,015 (2022

- $6,000) to this management entity for the provision of CFO services. This balance is non-interest bearing, unsecured and due on demand.

As at June 30, 2023, the Company owed $10,500 (2022 - $1,000) to companies controlled by directors and officers. These amounts are non-interest bearing, unsecured and due on demand.

8. FINANCIAL INSTRUMENTS AND RISK

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash	Fair Value through Profit and Loss
Accounts payable and accrued liabilities	Amortized Cost
Loans payable	Amortized Cost

The fair values of accounts payable and accrued liabilities and loans payable approximates their carrying amount due to their short-term nature. Cash is measured at fair value using level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash. The Company limits its exposure to credit risk with respect to cash by holding it with major Canadian financial institutions. The carrying amount of financial assets represents the maximum credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at June 30, 2023:

		Within one year		Between one and five years		More than five years
Accounts payable and accrued liabilities	$	159,278	$	-	$	-
	$	159,278	$	-	$	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company does not have any financial instruments that are exposed to interest rate fluctuations. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have any exposure to currency risk.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company does not hold any financial instruments that would result in material exposure to other price risk.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its capital, which comprises all components of equity (i.e., share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the year ended June 30, 2023.

On March 17, 2023, the Company's shares became listed on the CSE and it is now subject to various CSE listing requirements.

10. SEGMENT INFORMATION

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral resource properties in Canada. All of the Company's assets are located in Canada.

(Expressed in Canadian Dollars)

11. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2023		2022
Loss before taxes for the year	$	(1,083,347)	$	(67,000)
Canadian federal and provincial income tax rates		27.00%		27.00%
Expected income tax recovery based on the above rates	$	(292,504)	$	(18,090)
Change in tax assets not recognized		292,504		18,090
Income tax expense	$	-	$	-

The Company's unrecognized deductible temporary differences consist of the following amounts for the years ended June 30:

		2023	Expiry		2022	Expiry
Non-capital losses	$	292,000	2041 - 2043	$	62,000	2041 - 2042
Share issuance costs		117,000	2024 - 2027		6,000	2023 - 2026
Deferred compensation		780,000	-		-	-
Total	$	1,189,000		$	68,000	

Due to the uncertainty of realization of these deductible temporary differences, the tax benefit is not reflected in the financial statements.

12. SUBSEQUENT EVENTS

On July 12, 2023, the company received approval to begin trading on the OTCQB Venture Market under the symbol "CENCF".

On September 8, 2023, the Company entered into agreements to acquire rare earth TREO properties located near Prince George, BC. The properties are comprised of a total of 28 mineral claims.

Under the terms of the purchase agreements, the Company will acquire the claims by:

- Paying $100,000 in cash and issuing 4,363,636 common shares to acquire 24 TREO claims. These claims are subject to a 2% net smelter royalty. The Company may buy back 50% of the royalty on these claims for $1,000,000 in cash.

- Paying $100,000 in cash and issuing 1,045,454 common shares to acquire four TREO claims. $50,000 of the cash consideration is to be paid upon closing of the agreement with the remainder to be paid on or before January 31, 2024. These claims are subject to a 2% net smelter royalty. The Company may buy back 50% of the net smelter royalty on these claims through paying $500,000 in cash.

The Company also agreed to pay a finder's fee of 579,371 common shares in connection with securing these agreements.

On September 22, 2023, the Company entered into an agreement to acquire additional rare earth TREO properties comprised of a total of 5 mineral claims. Under the terms of the purchase agreements, the Company will acquire the claims by paying $50,000 in cash and issuing 100,000 common shares. These claims are subject to a 2% net smelter royalty. The Company may buy back 50% of the royalty on these claims for $1,000,000 in cash. On September 25, 2023, the seller of these claims was appointed as an officer of the Company.

The Company agreed to pay a finder's fee of 16,494 common shares in connection with the agreement.

On October 6, 2023, the Company issued 5,509,090 shares and paid $200,000 as required under the TREO claim acquisition agreements. 100,000 of these shares and $50,000 in cash was paid to an officer of the Company. 595,865 common shares were also issued to finders in connection with these agreements.

On October 6, 2023, the Company completed a non-brokered private placement financing of 7,262,524 non-flow through units at a price of $0.42 per unit for gross proceeds of $3,050,251 and 6,000,000 flow-through units at a price of $0.50 per unit for gross proceeds of $3,000,000. Each unit is comprised of one common share and one half of one common share purchase warrant at a price of $0.60 for a period of two years. The Company paid finder's fees and advisory fees comprised of an aggregate of 766,800 broker warrants and $348,994 in cash in connection with this private placement. Each broker warrant entitles its holder to purchase one common share at a price of $0.60 for a period of two years.

On October 6, 2023, the Company issued 2,000,000 common shares in connection with RSUs that had previously vested.

Subsequent to June 30, 2023, 280,000 shares were issued pursuant to warrant exercise requests. $56,000 in proceeds was received in connection with these requests.