

Tuktu Resources Ltd.

Unaudited Interim Condensed Financial Statements

As at September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021

Management Report

To the Shareholders of Tuktu Resources Ltd.

The unaudited interim condensed financial statements of Tuktu Resources Ltd. were prepared by management in accordance with appropriately selected International Financial Reporting Standards and have been approved by the Board of Directors. Management has used estimates and careful judgment, particularly in those circumstances where transactions affecting current periods are dependent on information not known until a future period.

Management is responsible for the integrity of the financial and operational information contained in these unaudited interim condensed financial statements. The Company has designed and maintains internal controls to provide reasonable assurance that assets are properly safeguarded and that the financial records are well maintained and provide relevant, timely and reliable information to management. The unaudited interim condensed financial statements have been prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to the unaudited interim condensed financial statements.

Auditor involvement

The auditor of Tuktu Resources Ltd. has not performed a review of the unaudited interim condensed financial statements as at September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021.

Tuktu Resources Ltd.

Signed: “Tim de Freitas”
President and Chief Executive Officer

Signed: “Mark Smith”
Chief Financial Officer

Calgary, Canada
November 17, 2022

Tuktu Resources Ltd.

Interim Condensed Statements of Financial Position (unaudited)

(Expressed in CDN dollars)	Notes	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		\$ 3,860,109	\$ 11,208
Other receivables		18,658	1,171
Prepaid expenses		36,647	-
Prepaid exploration and evaluation expenditures		23,101	24,556
		3,938,515	36,935
Mineral property security deposits	5	32,225	32,175
Exploration and evaluation assets	6	18,292	-
Property and equipment	7	126,764	127,121
		\$ 4,115,796	\$ 196,231
Liabilities and Shareholders' Deficit			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 336,743	\$ 373,710
Due to related parties	12	-	100,000
		336,743	473,710
Warrant liability	8	10,407,471	-
		10,744,214	473,710
Shareholders' equity			
Share capital	9	12,034,915	10,049,480
Contributed surplus	9	7,510,039	7,333,226
Deficit		(26,173,372)	(17,660,185)
		(6,628,418)	(277,479)
		\$ 4,115,796	\$ 196,231

Nature of operations and going concern (note 1)

See accompanying notes to the financial statements.

Approved on behalf of the Board of Directors:

(signed) "Robert Dales" Director

(signed) "William Guinan" Director

Tuktu Resources Ltd.

Interim Condensed Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in CDN dollars)	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Expenses					
General and administrative		178,915	9,753	314,727	57,057
Transaction costs	9	335,682	-	335,682	-
Remeasurement loss on warrant liability	8	7,660,672	-	7,660,672	-
Exploration and evaluation expense		10,140	-	24,986	-
Share-based compensation	10	110,124	-	176,813	-
Depreciation	7	119	134	357	402
		8,295,652	9,887	8,513,237	57,459
Finance income	5	-	25	50	77
Net loss and comprehensive loss		\$ (8,295,652)	\$ (9,862)	\$ (8,513,187)	\$ (57,382)
Net loss per share					
Basic and diluted	11	\$ (0.13)	\$ (0.00)	\$ (0.25)	\$ (0.00)

See accompanying notes to the financial statements.

Tuktu Resources Ltd.

Interim Condensed Statements of Changes in Shareholders' Deficit

(unaudited)

(Expressed in CDN dollars)	Notes	Share Capital	Contributed Surplus		Deficit	Total
Balance at December 31, 2020		\$ 10,049,480	\$ 7,333,226	\$	(17,555,366)	\$ (172,660)
Net loss for the period		-	-		(57,382)	(57,382)
Balance at September 30, 2021		\$ 10,049,480	\$ 7,333,226	\$	(17,612,748)	\$ (230,042)

	Notes	Share Capital	Contributed Surplus		Deficit	Total
Balance at December 31, 2021		\$ 10,049,480	\$ 7,333,226	\$	(17,660,185)	\$ (277,479)
Issued on recapitalization transaction	9	1,927,961	-		-	1,927,961
Issued for debt settlement	12	240,000	-		-	240,000
Share issue costs	9	(182,526)	-		-	(182,526)
Share based compensation	10	-	176,813		-	176,813
Net loss for the period		-	-		(8,513,187)	(8,513,187)
Balance at September 30, 2022		\$ 12,034,915	\$ 7,510,039	\$	(26,173,372)	\$ (6,628,418)

See accompanying notes to the financial statements.

Tuktu Resources Ltd.

Interim Condensed Statements of Cash Flows

(unaudited)

(Expressed in CDN dollars)	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Cash provided by (used in):					
Operating activities					
Net loss for the period		\$ (8,295,652)	\$ (9,862)	\$ (8,513,187)	\$ (57,382)
Non-cash items:					
Remeasurement loss on warrant liability	8	7,660,672	-	7,660,672	-
Depreciation	7	119	134	357	402
Share-based compensation	10	110,124	-	176,813	-
		(524,737)	(9,728)	(675,345)	(56,980)
Change in non-cash working capital		(129,514)	5,173	(43,947)	9,564
		(654,251)	(4,555)	(719,292)	(47,416)
Investing activities					
Capital expenditures - exploration and evaluation	6	(18,292)	-	(18,292)	-
Interest earned on mineral property security deposits	5	-	(25)	(50)	(77)
		(18,292)	(25)	(18,342)	(77)
Financing activities					
Related party advances	12	-	-	62,038	40,000
Issuance of common shares, net of costs	9	1,777,698	-	1,777,698	-
Issuance of warrants	8	2,746,799	-	2,746,799	-
		4,524,497	-	4,586,535	40,000
Increase (decrease) in cash		3,851,954	(4,580)	3,848,901	(7,493)
Cash - beginning of period		8,155	13,865	11,208	16,778
Cash - end of period		\$ 3,860,109	\$ 9,285	\$ 3,860,109	\$ 9,285

See accompanying notes to the financial statements.

Tuktu Resources Ltd.

Notes to the Interim Condensed Financial Statements

As at September 30, 2022 and for the three and nine months ended September 30, 2022 and 2021
(unaudited)

1. Nature of operations and going concern

Tuktu Resources Ltd. (formerly Jasper Mining Corporation) (the “Company”) is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol “TUK”. The Company is engaged in the business of mineral exploration in Canada. The Company’s registered and head office is located at 501, 888 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 0V2.

To date, the Company has not yet determined whether its mineral claims are economically recoverable, nor has it found defined reserves and it’s considered to be in the exploration stage. The Company believes that it has established and retains satisfactory title to all its claims.

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates the realization of assets and the discharging of liabilities and commitments in the normal course of operations. Management has made the following judgements in its assessment of the Company’s ability to continue as a going concern:

- The Company has a \$3.6 million working capital surplus as at September 30, 2022 (December 31, 2021 – deficit of \$436,775) which will allow the Company to pursue further exploration of its mining assets and fund deposits on future acquisitions.
- The Company will be able to raise significant capital to fund acquisitions and future capital expenditures required to further explore and ultimately develop the Company’s resource assets;
- The Company will be successful in executing its business plan leading to profitable operations in the near future.
- The Company will continue to review opportunities to enter into joint venture or farm-out arrangements or the potential sale of existing resource interests.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern and these adjustments could be material.

2. Basis of presentation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) under accounting principles consistent with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

These interim condensed financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021. The Company has applied the same accounting policies outlined by the Company in its most recent annual financial statements other than those listed in note 4. These interim condensed financial statements do not include all the information required for full annual financial statements.

These interim condensed financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for those assets and liabilities that are measured at fair value at the end of each reporting period.

These interim condensed financial statements were authorized for issue by the Board of Directors on November 17, 2022.

3. Accounting Estimates and Judgements

The following estimates and judgements made by management in the preparation of these financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty:

Appropriateness of the going concern assumption.

Valuation of warrants and stock options

The estimated fair values of the warrants issued as part of the private placement in connection with the Recapitalization Transaction, the subsequent revaluation of the warrants and the stock options issued under the Company's stock option plan were based on the Black-Scholes pricing model using assumptions on volatility, risk-free interest rate, forfeiture rate and the expected term.

4. Newly adopted and future accounting standards

Newly adopted accounting standards

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

These amendments are effective for reporting periods beginning on or after January 1, 2022. The adoption of this standard did not have a material impact on the Company's financial statements.

Future accounting standards and pronouncements

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

5. Mineral property security deposits

The Company is required to maintain safekeeping deposits with the Government of British Columbia as a condition of certain mineral claims. These deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The deposits are held in guaranteed investment certificates with annual maturity dates and interest rates of 1.2% (December 31, 2021 – 0.40%) or in trust with the government ministry. At September 30, 2022, the Company had \$32,225 (December 31, 2021 - \$32,175) on deposit.

6. Exploration and Evaluation Assets

	September 30, 2022	December 31, 2021
Balance, beginning of period	-	-
Additions	18,292	-
Balance, end of period	18,292	-

Exploration and evaluation assets consist of the Company's undeveloped land. The Company concluded that there were no indicators of impairment on its exploration and evaluation assets at September 30, 2022.

7. Property and equipment

		Land		Equipment		Total
Cost						
As at December 31, 2021 and September 30, 2022	\$	123,387	\$	40,205	\$	163,592
Accumulated depreciation						
As at December 31, 2021	\$	-	\$	(36,471)	\$	(36,471)
Depreciation		-		(357)		(357)
As at September 30, 2022	\$	-	\$	(36,828)	\$	(36,828)
Net book value						
As at December 31, 2021	\$	123,387	\$	3,734	\$	127,121
As at September 30, 2022	\$	123,387	\$	3,377	\$	126,764

8. Warrant Liability

	September 30, 2022	December 31, 2021
Balance, beginning of period	-	-
Issued	2,746,799	-
Remeasurement loss	7,660,672	-
Balance, end of period	10,407,471	-

On July 15, 2022 as part of the Recapitalization Transaction (note 9), the Company issued 51,941,773 Units comprised of one common share and one common share purchase warrant at \$0.09 per unit. Each warrant entitles holders to acquire one common share at an exercise price of \$0.11 prior to the date that is four years from the date of issuance of the warrants. The warrants will vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares equaling or exceeding \$0.13, \$0.155 and \$0.18, respectively. The warrants issued were classified as a financial liability as a result of a cashless exercise provision. In no event will the Company be required to settle the warrants through a cash payment.

The fair value of the warrants on July 15, 2022 and on September 30, 2022 was determined using the Black-Scholes pricing model with the following inputs:

	September 30, 2022	July 15, 2022
Share price	\$ 0.26	\$ 0.09
Risk-free interest rate	3.37%	2.87%
Expected life (years)	3.79	4.00
Expected volatility ⁽¹⁾	85%	85%

⁽¹⁾ Expected volatility is based on a historical peer group volatility

The Company recorded a \$7,660,672 remeasurement loss on the warrant liability for the three months ended September 30, 2022. The change in the Company's stock price from \$0.09 to \$0.26 was the primary factor leading to the increase in the fair value of the warrant liability as at September 30, 2022.

9. Share capital

Common shares

	September 30, 2022		December 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	18,398,120	\$ 10,049,480	18,398,120	\$ 10,049,480
Issued on recapitalization transaction	51,941,773	1,927,961	-	-
Issued for debt settlements	2,666,666	240,000	-	-
Share issue costs	-	(182,526)	-	-
Balance, end of period	73,006,559	\$ 12,034,915	18,398,120	\$ 10,049,480

Recapitalization transaction

On July 15, 2022, the Company completed a recapitalization transaction which included the following:

The conversion of \$240,000 debt of the Company into 2,666,666 common shares at a deemed price of \$0.09 per common share.

A Non-Brokered Private Placement of 31,941,773 units of the Company at a price of \$0.09 per unit for aggregate gross proceeds of \$2.87 million. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles holders to acquire one common share at an exercise price of \$0.11 prior to the date that is four years from the date of the issuance of the warrants. The warrants will vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares equaling or exceeding \$0.13, \$0.155 and \$0.18, respectively.

A Brokered Private Placement of 20,000,000 units of the Company at a price of \$0.09 per unit for aggregate gross proceeds of \$1.8 million. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles holders to acquire one common share at an exercise price of \$0.11 prior to the date that is four years from the date of the issuance of the warrants. The warrants will vest and become exercisable as to one-third upon the 20-day volume weighted average trading price of the common shares equaling or exceeding \$0.13, \$0.155 and \$0.18, respectively. The Company paid the agent a commission equal to 6.0% of the gross proceeds received by the Company. The commission was paid through the issuance of 358,479 units of the Company at a deemed price of \$0.09 per unit and \$75,737 in cash.

Concurrently with the closing of the non brokered and brokered private placement, the appointment of a new management team and reconstitution of the board of directors was completed.

Pursuant to the Recapitalization Transaction, the Company incurred \$335,682 of transaction costs and \$182,526 of share issue costs.

Contributed surplus

	September 30, 2022	December 31, 2021
Balance, beginning of period	7,333,226	\$ 7,333,226
Share based compensation	176,813	-
Balance, end of period	7,510,039	\$ 7,333,226

10. Share-based payments

The following is a continuity of stock options for which shares have been reserved:

	September 30, 2022		December 31, 2021	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance, beginning of period	725,000	\$ 0.09	725,000	\$ 0.09
Granted	6,050,000	0.14	-	-
Forfeited or expired	(475,000)	0.09	-	-
Balance, end of period	6,300,000	\$ 0.14	725,000	\$ 0.09

Summary information with respect to options outstanding at September 30, 2022 is provided below:

Exercise price (\$)	Number outstanding	Contractual life remaining (years)	Exercise price (\$)	Number exercisable
0.10	250,000	1.1	0.10	250,000
0.08	1,000,000	4.5	0.08	500,000
0.15	5,050,000	4.8	0.15	1,683,333
0.14	6,300,000	4.6	0.13	2,433,333

The Company calculated and recorded stock-based compensation expense for the nine months ended September 30, 2022, of \$176,813 (2021 - \$nil). The total fair value of each option is estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions: risk-free interest rate 2.75%, expected option life 5 years, share price volatility of 92%, expected dividend payments Nil, estimated forfeiture rate of 0.46%.

11. Per share amounts

Basic and diluted net loss per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net loss	\$ (8,295,652)	\$ (9,862)	\$ (8,513,187)	\$ (57,382)
Weighted average common shares outstanding				
Basic and diluted	64,696,579	18,398,120	34,000,531	18,398,120
Net loss per common share:				
Basic and diluted	\$ (0.13)	\$ (0.00)	\$ (0.25)	\$ (0.00)

As the Company incurred a net loss for the three and nine months ended September 30, 2022 and 2021, in calculating the diluted net loss per share, the effect of stock options and warrants were removed as they are anti-dilutive.

12. Related party transactions

Except as disclosed elsewhere in these financial statements, the Company had the following related party transactions in the normal course of operations and measured at the exchange amount:

Amounts due to related parties consist of amounts due to shareholders, officers and directors of the Company and companies controlled or significantly influenced by shareholders and officers of the Company. The amounts are non-interest bearing, unsecured and have been settled.

a) During the nine months ended September 30, 2022, \$3,000 (2021 - \$4,500) was charged for office rent by a company owned by a director of the Company. The Company repaid the \$17,325 balance owing to this company on July 15, 2022 through the issuance of 192,500 common shares at a price of \$0.09 per common share.

b) During the nine months ended September 30, 2022, \$62,038 was advanced to the Company from a related party. The Company repaid the \$162,038 balance owing to this company on July 15, 2022 through the issuance of 1,800,422 common shares at a price of \$0.09 per common share.

c) During the nine months ended September 30, 2022, \$10,500 (2021 - \$15,750) was charged by a company owned by a director of the Company for administrative services. The Company repaid the \$60,637 balance owing to this company on July 15, 2022 through the issuance of 673,745 common shares at a price of \$0.09 per common share.

13. Financial instruments

The Company's financial instruments include cash and cash equivalents, other receivables, mineral property security deposits, accounts payable and accrued liabilities, and warrant liability.

Fair value measurement

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lower priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents, other receivables, mineral property security deposits and accounts payable and accrued liabilities approximate their carrying value due to the short term to maturity.

The Company's warrant liability is considered Level 2 in the fair value hierarchy.