

SERRANO RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

SERRANO RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

AS AT

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 2,018	\$ 5,076
Receivables (Note 4)	1,330	519
Total assets	\$ 3,348	\$ 5,595
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (Notes 5 and 7)	\$ 355,581	\$ 320,017
Total current liabilities	355,581	320,017
Shareholders' deficit		
Capital stock (Note 6)	44,966,123	44,966,123
Reserves	252,043	252,043
Deficit	(45,570,399)	(45,532,588)
Total shareholders' deficit	(352,233)	(314,422)
Total liabilities and shareholders' deficit	\$ 3,348	\$ 5,595

Nature, continuance of operations, and going concern (Note 1)

Approved by the Board on November 28, 2022 and signed on behalf of the Board:

<u>"Byron Coulthard"</u>	Director	<u>"Cyrus Driver"</u>	Director
Byron Coulthard		Cyrus Driver	

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

SERRANO RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
EXPENSES				
Office and general	\$ 148	\$ 87	\$ 1,721	\$ 273
Professional fees (Note 7)	7,000	7,000	22,113	21,100
Transfer agent and filing fees	4,611	1,838	13,978	10,398
Loss before other item	(11,759)	(8,925)	(37,812)	(31,771)
OTHER ITEM				
Foreign exchange gain (loss)	4	(20)	1	(24)
Loss and comprehensive loss for the period	\$ (11,755)	\$ (8,945)	\$ (37,811)	\$ (31,795)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	73,935,683	73,935,683	73,935,683	73,935,683

*The Company had no dilutive securities outstanding in any of the period ended September 30, 2022 and 2021.

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

SERRANO RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NINE MONTHS ENDED SEPTEMBER 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (37,811)	\$ (31,795)
Items not affecting cash:		
Foreign exchange loss (gain)	(1)	24
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(811)	1,957
Increase in accounts payable and accrued liabilities	35,565	27,744
Net cash flows used in operating activities	(3,058)	(2,070)
Change in cash during the period	(3,058)	(2,070)
Cash, beginning of period	5,076	10,451
Cash, end of period	\$ 2,018	\$ 8,381
Cash paid (received) during the period for interest	\$ -	\$ -
Cash paid (received) during the period for income taxes	\$ -	\$ -

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

SERRANO RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**

(Expressed in Canadian Dollars)

	<u>Capital Stock</u>				
	Number of Shares	Amount	Reserves	Deficit	Total Shareholders' Deficit
Balance at December 31, 2020	73,935,683	\$44,966,123	\$ 252,043	\$ (45,483,073)	\$ (264,907)
Loss for the period	-	-	-	(31,795)	(31,795)
Balance at September 30, 2021	73,935,683	\$44,966,123	\$ 252,043	\$ (45,514,868)	\$ (296,702)
Balance at December 31, 2021	73,935,683	\$44,966,123	\$ 252,043	\$ (45,532,588)	\$ (314,422)
Loss for the period	-	-	-	(37,811)	(37,811)
Balance at September 30, 2022	73,935,683	\$44,966,123	\$ 252,043	\$ (45,570,399)	\$ (352,233)

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

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

1. NATURE, CONTINUANCE OF OPERATIONS, AND GOING CONCERN

Serrano Resources Ltd. (“Serrano” or the “Company”) was incorporated under the Business Corporations Act of Alberta, Canada. The Company is listed on the NEX as it did not meet the requirements of a TSX Venture Tier 2 issuer.

The Company’s head office address is Suite 2020, 401 West Georgia Street, Vancouver, BC, V6B 5A1. The Company’s registered and records office address is 400 – 570 Granville Street, Vancouver, BC, V6C 3P1.

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the parent company.

Going concern of operations

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. At September 30, 2022, the Company has a deficit of \$45,570,399 (December 31, 2021 - \$45,532,588) and has incurred losses since inception. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. There is substantial doubt that the Company can meet general operating requirement due to its limited working capital. There can be no assurances that the Company will be able to raise additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. During the period ended September 30, 2022 and year ended December 31, 2021, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business, including potential delays to its business plans and activities, and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These uncertainties raise substantial doubt upon the Company’s ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

	September 30, 2022	December 31, 2021
Deficit	\$ (45,570,399)	\$ (45,532,588)
Working capital deficiency	(352,233)	(314,422)

2. BASIS OF PREPARATION**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

2. BASIS OF PREPARATION (cont'd...)**Basis of consolidation and presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim consolidated financial statements include the financial statements of Serrano Resources Ltd. and its subsidiary (the “Group”) are listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest September 30, 2022	Proportion of Ownership Interest December 31, 2021	Principal Activity
146411 Alberta Ltd.	Alberta, Canada	100%	100%	Not active

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency for the parent company and 146411 Alberta Ltd.

3. SIGNIFICANT ACCOUNTING POLICIES**Significant accounting judgment and estimation uncertainties**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- i) Going concern risk assessment (refer to further discussion in Note 1 under *Going concern of operations*).

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Foreign currencies**

The presentation currency of the Company is the Canadian dollar.

The functional currency of each of the parent company and its subsidiary is measured using the currency of the primary economic environment in which that entity operates. The functional currency of Serrano Resources Ltd. and 146411 Alberta Ltd. is Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the Statement of Comprehensive Income (loss) in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the Statement of Comprehensive Income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss).

Capital stock

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate oil and gas properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned the residual value after the main component of the equity financing (common shares) is valued. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments.

In situations where capital stock 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 of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of issuance.

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**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 neither 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.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options 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 options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options 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 options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the 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 in the profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of capital stock.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations. 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 capital stock, adjusted for any consideration paid. When options are cancelled or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

Where a grant of options 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.

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Financial instruments**Financial assets

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

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income (loss) and comprehensive income (loss) in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Refer to Note 8 for classification of the Company’s financial assets and liabilities.

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Convertible debentures**

Convertible debentures are classified separately into financial liability and equity components in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using a discount rate that would have been applicable to non-convertible debt. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or paid off. The equity component is determined by deducting the amount of the liability component from the face value of the convertible debenture as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured.

Convertible debenture instruments denominated in foreign currencies are presented as a liability in two parts, a loan liability and a conversion feature liability, accreted by way of a charge to earnings with a corresponding credit to the liability and interest payments are applied against the accrued liability. The conversion feature liability is revalued to fair market value at every reporting period and the change in valuation is recognized in profit or loss.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. There were no warrants or options as at September 30, 2022.

4. RECEIVABLES

The Company's receivables are as follows:

	September 30, 2022	December 31, 2021
GST receivable	\$ 1,330	\$ 519

5. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	September 30, 2022	December 31, 2021
Trade payables	\$ 98,928	\$ 94,977
Accrued liabilities	6,000	8,000
Due to related parties (Note 7)	250,653	217,040
Total	\$ 355,581	\$ 320,017

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

6. CAPITAL STOCK AND RESERVES**a) Authorized capital stock**

As at September 30, 2022, the authorized capital stock of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued capital stock

During the period ended September 30, 2022 and year ended December 31, 2021, the Company did not have any share activities.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the approximate market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and periods of vesting are determined by the Board of Directors.

The Company did not have any outstanding options as at September 30, 2022 and December 31, 2021.

7. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations in connection with the following related parties:

	Nature of transactions	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
<u>Related parties:</u>			
A Company controlled by a Director	Professional fees	\$ 15,000	\$ 15,000

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	September 30, 2022	December 31, 2021
Due to a Company controlled by a Director	\$ 240,653	\$ 207,040
Due to a Director of the Company	10,000	10,000
	<u>\$ 250,653</u>	<u>\$ 217,040</u>

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

8. FINANCIAL INSTRUMENTS

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 asset 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:

<u>Financial instruments</u>	<u>Classifications</u>
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature except as otherwise noted. The fair value of the Company's cash constitutes a Level 1 fair value measurement.

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

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 9 of these financial statements. As at September 30, 2022, the Company had a cash balance of \$2,018 to settle current liabilities of \$355,581. The Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. The Company is planning additional financings and debt settlements in the near term to raise working capital to finance its ongoing operations.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at September 30, 2022, the Company's receivables consisted of \$1,330 in GST receivable from the government authorities in Canada. Substantially all cash balances are held at chartered banks in Canada. The Company believes it has no significant credit risk.

SERRANO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

8. FINANCIAL INSTRUMENTS (cont'd...)*Market risk*

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

a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of September 30, 2022, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries or financial instruments may fluctuate due to changes in rates. The Company had accounts payable and accrued liabilities of \$Nil denominated in U.S. Dollars.

9. MANAGEMENT OF CAPITAL RISK

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, reserves and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity. The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets. This strategy is unchanged from the prior year.

The Company is not subject to externally imposed capital requirements.