



Hanna Capital Corp.

Consolidated Financial Statements

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

Table of Contents	Page
Audit Report	2-4
Consolidated Statements of Financial Position	5
Consolidated Statements of Operations and Comprehensive Loss	6
Consolidated Statements of Changes in Shareholders' Equity	7
Consolidated Statements Consolidated of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 25

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Hanna Capital Corp.

Report on the Audit of the Consolidated Financial Statements**Opinion**

We have audited the consolidated financial statements of Hanna Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and June 30, 2022 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 consolidated 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

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Key Audit Matters

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

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

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

We draw attention to Note 2 and Note 5 of the consolidated financial statements related to E&E Assets.

We identified the assessment of impairment indicators of E&E Assets as a key audit matter since this matter represented an area of higher assessed risk of material misstatement given the judgement required in management's assessment relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

The primary procedures we performed to address this key audit matter included, but was not restricted to, the following:

- Obtained an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.

- Evaluated management's assessment of indicators of impairment.
- Evaluated the intent for the E&E Assets through discussion and communication with management.
- Reviewed the Company's recent expenditure activity and expenditure budgets for future periods.
- Performed procedures over title to ensure mineral rights underlying the E&E Assets are in good standing.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis report 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Junaid Hassam.



Vancouver, British Columbia
October 30, 2023

Buckley Dodds CPA
Chartered Professional Accountants

Hanna Capital Corp.

Consolidated Statements of Financial Position

As at June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
ASSETS		
Current		
Cash	15,375	25,360
Investment (Note 11)	27,000	45,000
Sales tax receivable	90,027	76,167
Due from related party (Note 9)	-	-
	132,402	146,527
Reclamation bond	5,000	5,000
Notes receivable (Note 4)	1	1
Due from related party (Note 9)	74,389	74,689
Exploration and evaluation assets (Note 5)	300,691	1,066,231
Total assets	512,483	1,292,448
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	143,960	61,697
Loans payable (Note 10)	250,650	156,958
Total liabilities	394,610	218,655
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	10,013,880	10,013,880
Reserves	1,610,878	1,610,878
Accumulated deficit	(11,506,885)	(10,550,965)
Total shareholders' equity	117,873	1,073,793
Total liabilities and shareholders' equity	512,483	1,292,448

Nature of operations and going concern (Note 1)

Subsequent Events (Note 18)

Approved on behalf of the Board:

"Victor Cantore", Director
(signed)

"Herbert Brugh", Director
(signed)

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

Hanna Capital Corp.

Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	2023 \$	2022 \$
Expenses		
Consulting fees	65,159	140,000
Professional fees	41,440	47,301
Investor relations	27,048	14,728
Interest expense (<i>Note 10</i>)	25,049	6,011
Office and administration	12,066	42,497
Share-based compensation (<i>Note 8</i>)	-	78,701
	170,762	329,238
Net loss (income) before undernoted	(170,762)	(329,238)
Impairment of exploration and evaluation assets (<i>Note 5</i>)	(765,540)	-
Unrealized loss on investment (<i>Note 11, 13</i>)	(18,000)	(26,758)
Foreign exchange loss	(1,618)	(6,709)
Extinguishment of debt and statute-barred payables (<i>Note 12</i>)	-	434,222
Net income (loss) and comprehensive income (loss)	(955,920)	71,517
Net income (loss) per share - basic	(0.02)	0.00
Net income (loss) per share - diluted	(0.02)	0.00
Weighted average number of outstanding common shares -	56,772,817	56,276,927
Weighted average number of outstanding common shares - diluted	56,772,817	84,157,784

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

Hanna Capital Corp.

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of Common Shares #	Share Capital \$	Reserve \$	Accumulated Deficit \$	Total \$
Balance, June 30, 2021	56,272,817	9,998,880	1,532,177	(10,622,482)	908,575
Bonus shares issued for loan payable (<i>Note 10</i>)	500,000	15,000	-	-	15,000
Issuance of options	-	-	78,701	-	78,701
Net income for the year	-	-	-	71,517	71,517
Balance, June 30, 2022	56,772,817	10,013,880	1,610,878	(10,550,965)	1,073,793
Net loss for the year	-	-	-	(955,920)	(955,920)
Balance, June 30, 2023	56,772,817	10,013,880	1,610,878	(11,506,885)	117,873

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

Hanna Capital Corp.

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	June 30, 2023	June 30, 2022
	\$	\$
Operating activities		
Net income (loss) for the year	(955,920)	71,517
Items not involving cash:		
Extinguishment of debt and statute barred payables	-	(434,222)
Unrealized loss on investment	18,000	26,758
Impairment loss	765,540	-
Share based compensation	-	78,701
Interest expense	25,049	6,011
Foreign exchange	528	6,240
Changes in non cash working capital items:		
GST receivable	(13,860)	32,062
Accounts payable and accrued liabilities	82,263	19,017
Due to related parties	300	22,182
Cash used in operating activities	(78,100)	(171,734)
Investing activities		
Additions to exploration and evaluation assets	-	(28,597)
Purchase of convertible debenture receivable	-	(12,924)
Net cash used in investment activities	-	(41,521)
Financing activities		
Proceeds from issuance of loan payable	68,115	122,306
Proceeds from financing activities	68,115	122,306
Net increase in cash	(9,985)	(90,949)
Cash, beginning of year	25,360	116,309
Cash, end of year	15,375	25,360
Supplementary cash flow information:	-	-
Non cash transactions:		
<i>Bonus shares issued for loan payable (Note 6, 10)</i>	-	15,000

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

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Hanna Capital Corp. (the “Company” or “Corporation”) was incorporated under the laws of the State of Nevada on June 1, 2004. The Company is in the business of acquiring and exploring mineral properties in Canada. The primary office of the Company is located at 1800-130 King Street West, Toronto, ON, M5X 1E3. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the stock symbol HCC.

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company has not earned significant revenue and as at June 30, 2023 had an accumulated deficit of \$11,506,885 (June 30, 2022 – \$10,550,965). The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

As at June 30, 2023, the Company had a working capital deficiency of \$262,208 (June 30, 2022 – \$72,128). As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its exploration and evaluation costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful exploration and evaluation of the property. The Company has financed its activities through the issuance of equity securities and debt financing. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining. To date, the Company has not earned any revenues. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2023.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars (“\$”). The functional currency of the Company, as determined by management, is Canadian dollars.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Share-based compensation - The fair value of stock options and warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and warrants.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Recovery of deferred tax assets - The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful execution of the Company's business plan. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" management determined that the functional currency of the Company and its wholly-owned subsidiary, Taman, is the Canadian dollar.

Going Concern – The preparation of these consolidated financial statements requires management to make judgements regarding the going concern of the Company, as disclosed in Note 1.

(e) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Taman Petroleum Corporation ("Taman") which is inactive. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

3. ACCOUNTING POLICIES

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard (“IAS”) 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as gain on option agreement in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

3. ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is an indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

3. ACCOUNTING POLICIES (continued)

Share-based compensation

The Company grants share purchase options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of share purchase options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of share purchase options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or service received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the 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 providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following 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 statement of financial position 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

3. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (loss). The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Cash, receivables and due from related party are measured at amortized cost with subsequent impairments recognized in profit or loss. Investment is classified and measured at FVTPL.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Amounts payable and accrued liabilities and loans payable are classified and measured at amortized cost on the statement of financial position.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

4. NOTE RECEIVABLE

During the year ended June 30, 2013, the Company acquired 100% of the issued and outstanding shares of Taman Petroleum Corporation ("Taman"). Taman has an 8% interest in a Russian private company, Techniton LLC ("Techniton"). Techniton has a 100% interest in the South Temryuk Oil & Gas Exploration-Exploitation License located in Russia. During the year ended June 30, 2013, the Company wrote-down its investment in Techniton to \$Nil.

During the year ended June 30, 2014, the Company loaned Techniton \$300,000 for development purposes (the "Note Receivable"). As at June 30, 2014, the Note Receivable was deemed impaired and the Company wrote-down the Note Receivable from Techniton to \$1 based on uncertainty of collection.

As at June 30, 2023, the Note Receivable amounted to \$1 (June 30, 2022 – \$1).

5. EXPLORATION AND EVALUATION ASSETS

Title to mineral property of interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests capitalized and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest in are located in Canada.

	Jasper Property	Carscallen Property	Total
	\$	\$	\$
Balance, June 30, 2021	742,334	295,300	1,037,634
Data analysis	3,251	5,391	8,642
Survey and assessment	19,955	-	19,955
Balance, June 30, 2022	765,540	300,691	1,066,231
Impairment	(765,540)	-	(765,540)
Balance, June 30, 2023	-	300,691	300,691

Carscallen Property, Ontario

In October 2016, the Company signed an assignment agreement (the "Agreement") with Silk Energy Limited ("Silk"), a company previously related by a common director, to acquire a 100% interest in certain mining claims west of the City of Timmins known as the Carscallen Property (the "Property"). Pursuant to the terms and conditions of the Agreement, the Company will earn the 100% interest by:

- Cash payment of \$40,000 on execution of this agreement (paid);
- Share payment of 2,200,000 common shares of the Company (issued with a value of \$193,500);
- Cash payment of \$20,000 on October 19, 2017 (paid); and
- Cash payment of \$40,000 on October 19, 2018 (paid).

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

The acquisition of the Property is subject to underlying conditions:

- In the event that the Company is able to obtain an intersection of at least 3 grams of gold per ton over one meter, the Company will be required to issue an additional 2,400,000 common shares to Silk;
- In the event that the Company is able to establish a commercial mine of at least a 250,000 ton ore body having a minimum grade of 2 grams of gold per ton, the Company will be required to issue an additional 2,400,000 common shares to Silk; and
- Upon the payment of the option payments of October 19, 2017 and 2018, the Company will have an undivided 100% interest in the Property subject to a 2% net smelter royalty ("NSR") in favour of the original optionors. The Company shall have the right to purchase 1% of the 2% NSR royalty for an aggregate cash payment of \$1,000,000. In addition, the Company also assumes the obligation from Silk whereby the Company will grant a 1% NSR in favour of the individual who assigned the original option agreement to Inspiration. Under the assignment agreement between Silk and this individual, this 1% NSR can be purchased for \$2,000,000;

During the year ended June 30, 2018, the Company entered into an option agreement with two arm's length parties to acquire an 100% interest in claims adjacent to the Property.

Pursuant to the terms of the agreement, the Company is required to pay the following as considerations:

- Cash payment of \$65,000 on or before January 10, 2020 (\$15,000 paid); and
- Share payment of 1,000,000 common shares of the Company on or before January 10, 2020 (400,000 shares issued of \$160,000).

During the year ended June 30, 2020, the Company did not make the required option payments under the agreement and had no intention to continue work on the claims. Accordingly, the Company has written off related costs totaling \$198,000 with respect to these claims.

Jasper Property, British Columbia

The Company had a 100% interest in another property located on West-Central Vancouver Island, British Columbia (the "Jasper Property"). During the year ended June 30, 2023, and as a result of the unfavorably political environment and difficulty in the access of the environment area, the Company allowed its interest in the Jasper Property to lapse. Accordingly, the entire amount of the Jasper Property was deemed to be impaired and an impairment charge in the amount \$765,540 was recorded during the year ended June 30, 2023 (June 30, 2022 – \$nil).

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(a) Authorized and issued share capital

The authorized share capital consists of an unlimited number of common shares, without par value and an unlimited number of preferred shares, without par value. All issued shares are fully paid.

The Company did not have any share based transactions during the year ended June 30, 2023.

During the year ended June 30, 2022, the Company:

- Issued 500,000 bonus shares in connection with the issuance of a promissory note at a price of \$0.03 per common share for an aggregate value of \$15,000 (Note 10).

7. WARRANTS

<i>Share Purchase Warrants</i>	Number of Warrants	Weighted Exercise Price
Balance, June 30, 2021	27,320,392	\$ 0.08
Granted	-	-
Balance, June 30, 2022	27,320,392	\$ 0.08
Granted (Expired)	(17,320,392)	0.08
Balance, June 30, 2023	10,000,000	\$ 0.08

On October 23, 2022, the Company extended the expiry date of 10,000,000 share purchase warrants that were previously issued at an exercise price of \$0.08 per common share by two years to October 23, 2024. As the share purchase warrants were initially valued using the residual method, there was no subsequent change in the valuation on the extension of the share purchase warrants.

The following are the share purchase warrants outstanding as at June 30, 2023:

Number of Warrants	Exercise Price (\$)	Remaining Contractual Life (years)	Expiry Date
10,000,000	0.08	1.32	23-Oct-24

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

7. WARRANTS (continued)

Broker warrants

	Number of Warrants (#)	Weighted Average Exercise Price (\$)
Balance, June 30, 2021 and 2022	18,000	0.05
Granted (Expired)	(18,000)	0.05
Balance, June 30, 2023	-	

There were no new issuances of broker warrants during the year ended June 30, 2023.

8. STOCK OPTIONS

The Company has an incentive stock option plan in place with the TSX Venture Exchange ("TSXV"), under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a fixed plan, whereby it may not exceed a total of 7,930,000 options under the plan. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The options can be granted for a maximum term of five years and vest as determined by the Board of Directors.

The Company did not have any stock options grants during the year ended June 30, 2023.

During the year ended June 30, 2022, the Company:

- granted 4,500,000 options to certain officers, directors, and consultants of the Company. Each option entitles the holder to purchase one common share of the Company at a price of \$0.05 per share. These options immediately vest and expire 3 years from the grant date, on May 17, 2025.

The Company calculated the fair value of warrants issued as compensation using the Black-Scholes option pricing model, for the 4,500,000 stock options with the following assumptions:

Market price	\$0.025
Expected life	3 year
Risk-free Interest rate	2.69%
Expected volatility	140%
Expected dividends yield	0%
Forfeiture rate	0%

Share-based compensation expense during the year ended June 30, 2023 amounted to \$nil (June 30, 2022 - \$78,701).

The following stock options were outstanding as at June 30, 2023:

Number of Options	Exercise Price (\$)	Remaining Contractual Life (years)	Expiry Date
4,500,000	0.05	1.88	17-May-25

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

- i) During the year ended June 30, 2023, the Company expensed \$nil (June 30, 2022 – \$nil) to Herb Brugh for Chief Executive Officer fees and for administration fees. As at June 30, 2023, the Company owed \$nil (June 30, 2022 – \$nil) to Herb Brugh which is included in accounts payable and accrued liabilities. Mr. Brugh forgave \$20,000 outstanding during the year ended June 30, 2022;
- ii) During the year ended June 30, 2023, the Company expensed \$nil (June 30, 2022 - \$nil) to Victor Cantore, a director of the Company, for consulting fees. Consulting fees are included in office and miscellaneous. Included in the June 30, 2023 accounts payable and accrued liabilities is \$nil due to Victor Cantore (June 30, 2022 - \$nil). Mr. Cantore forgave \$97,000 outstanding during the year ended June 30, 2022;
- iii) During the year ended June 30, 2023, the Company expensed \$nil (June 30, 2022 - \$nil) to John Gould, a director of the Company, for management fees. Included in the June 30, 2023 accounts payable and accrued liabilities is \$nil due to John Gould (June 30, 2022 - \$nil). Mr. Gould forgave \$70,000 outstanding during the year ended June 30, 2022;
- iv) During the year ended June 30, 2023, the Company expensed \$nil (June 30, 2022 - \$nil) to Jim Davis, the Chief Financial Officer of the Company, for management fees. Included in June 30, 2023 accounts payable and accrued liabilities is \$nil due to Jim Davis (June 30, 2022 - \$nil). Mr. Davis forgave \$5,000 outstanding during the year ended June 30, 2022;
- v) As at June 30, 2023, Vern Bock, a former director of the Company, was owed \$Nil (June 30, 2022 \$Nil);
- vi) During the year ended June 30, 2023, the Company expensed to Adrea Capital Corp., a key consultant of the Company, \$nil in consulting fees (June 30, 2022 - \$90,000). As at June 30, 2023, the Company owed \$8,152 to Adrea Capital Corp. and its related persons (June 30, 2022 - \$ 4,347);
- vii) During the year ended June 30, 2023, the Company expensed to Wild Rose Capital., a key consultant of the Company, \$60,000 in consulting fees (June 30, 2022 - \$50,000). As at June 30, 2023, the Company owed \$57,750 to Wild Rose Capital and its related persons (June 30, 2022 - \$nil); and
- viii) As at June 30, 2023, Martina Minerals Corp., a corporation related by way of a common director, owed the Company \$74,389 (June 30, 2022 – \$74,689) which is included in due from related party and the amount is unsecured, non-interest bearing and due on demand.

Balances due to related parties are unsecured, non-interest bearing (unless otherwise stated), and have no fixed terms of repayment.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

10. LOAN PAYABLE

JB Consolidated Estates Ltd.

As at June 30, 2023, the Company owed JB Consolidated Estates Ltd. \$37,066 (June 30, 2022 - \$37,066). The loan payable is unsecured, non-interesting bearing and due on demand.

James Pietsch.

On April 4, 2022, the Company issued a promissory note in the principal amount of US \$100,000 to James Pietsch (the "Note"). The Note bears interest at 8% per annum and matures on April 4, 2023. Further, the Company issued 500,000 bonus shares for the Note. These bonus shares were valued at \$0.03 per common share based on the share price on the date of issuance for an aggregate value of \$15,000 (the "Bonus Shares"). The Bonus Shares were treated as a debt issuance cost and was amortized over the term of the Note. On April 25, 2023, the Company entered into a new note for the outstanding amount including accrued interest, in the amount of US \$108,000, bearing interest at 10% per annum, maturing on April 25, 2024 (the "Revised Note"). As this was a new note post maturity, there was no gain or loss recorded.

Interest expense on the Note and the Revised Note amounted to \$11,396 (June 30, 2022 - \$6,011) during the year ended June 30, 2023. Interest expense in relation to the bonus shares amounted to \$11,425 (June 30, 2022 - \$3,575).

The outstanding balance and accrued interest as at June 30, 2023 amounted to \$146,187 (June 30, 2022 - \$119,892).

On April 25, 2023, the Company issued a promissory note in the principal amount of US \$50,000 to James Pietsch. The promissory note bears interest at 10% per annum and matures on August 25, 2023. On August 25, 2023, the Company entered into an extension agreement with the lender to extend maturity of the promissory note to November 30, 2023.

Interest expense in relation to this during the year ended June 30, 2023 amounted to \$1,213 (June 30, 2022 - \$nil).

The outstanding balance and accrued interest as at June 30, 2023 amounted to \$67,397 (June 30, 2022 - \$nil).

11. INVESTMENT IN RELATED PARTY

The Company holds 900,000 common shares of Martina Minerals Corp. (the "Martina Shares"), a related corporation by virtue of common officers and directors.

During the year ended June 30, 2023, the Company recorded an unrealized loss on Martina Shares in the amount of \$18,000 (June 30, 2022 - \$13,500). As at June 30, 2023, the investment in related party amounted to \$27,000 (June 30, 2022 - \$45,000).

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

12. EXTINGUISHMENT OF DEBT OF STATUTE-BARRED PAYABLES

During the year ended June 30, 2022, the Company identified a number of accounts payable and accrued liabilities that were statute barred, or which the Company was not deemed liable to pay any amount. Accordingly, and based on management judgement and legal representation, the Company wrote these accounts payable in the amount of \$434,222 during the year ended June 30, 2022. There were no such write-offs during the year ended June 30, 2023. Included in this amount were write-offs in relation to the Company's officers and directors as disclosed in Note 9.

13. CONVERTIBLE DEBENTURES

During the year ended June 30, 2022, the Company advanced US \$10,000 towards a secured convertible debenture (the "Debenture"). The Debenture was secured, interest bearing at 5% per annum, and matures on August 31, 2022. In addition, the Debenture were convertible into 26% of the issued and outstanding shares of the holder of the Debenture. As the Debenture did not meet the solely payments of principal and interest under IFRS 9, the Company was required to measure the Debenture at FVTPL. The Company's fair value measurement for the Debenture amounted to \$nil during the years ended June 30, 2023 and 2022 and recorded an unrealized loss in the amount of \$nil (June 30, 2022 – \$13,258).

14. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial risk management

The Company's financial risk management policies are established to identify and analyse the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to upload a disciplined and constructive control environment in which all employees understand their roles and obligation.

Measurement and classification of 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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments are cash, investment, due from related party, accounts payable and loans payable. The fair value of the Company's accounts payable and loans payable approximate their carrying value, due to their short terms to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. The Company is exposed to credit risk, currency risk, liquidity risk and interest rate risk.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Risk management policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these consolidated financial statements. The following analysis provides a measurement of risks as at June 30, 2023:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to any significant credit risk. Sales receivable are sales tax refunds due from the Canadian government.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at June 30, 2023, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses. Liquidity risk continues to be a key concern in the development of future operations.

Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant cash flow interest rate risk.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at June 30, 2023, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. The Company has equity investments in another listed public company, as noted per Note 11 and is subject to any significant stock market price risk.

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach during the year ended June 30, 2023. The Company considers its cash and items within shareholders' equity as capital.

16. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial income tax rate to income tax recovery presented in the accompanying statements of loss and comprehensive loss is provided below:

	2023	2022
Income (loss) for the year	\$ (955,920)	\$ 71,517
Expected income tax (recovery)	\$ (253,000)	\$ 19,000
Change in statutory, foreign tax, foreign exchange rates and other	29,000	49,000
Permanent differences	-	-
Prior years losses applied	-	(19,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	-
Change in unrecognized deductible temporary differences	224,000	(49,000)
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2023	2022
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 486,000	\$ 283,000
Share issuance costs	-	-
Loan receivable	355,000	355,000
Allowable capital losses	90,000	90,000
Non-capital losses available for future periods	1,403,000	1,382,000
	2,334,000	2,110,000
Unrecognized deferred tax assets	(2,334,000)	(2,110,000)
Net deferred tax assets	\$ -	\$ -

Hanna Capital Corp.

Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

16. INCOME TAXES (continued)

The Company has non-capital losses for Canadian income tax purposes of approximately \$5,295,000 which may be carried forward and applied against taxable income in future years. The Company has not filed its last annual tax return. The net operating losses for these years will not be available to reduce future taxable income until the tax returns are filed and assessed with the appropriate taxation authorities. These losses, if not utilized, will expire as noted below:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Non-capital losses available for future periods	5,388,000	2035 to 2043	5,216,000	2035 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. COMMITMENTS

Aside from monthly fees payable to the board of directors and officers, the Company did not have any long-term commitments as at June 30, 2023.

18. SUBSEQUENT EVENTS

On August 25, 2023, the Company extended the maturity of a promissory note (Note 10).