

SEARCHLIGHT RESOURCES INC.

Interim Financial Statements

Nine Months Ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements have been prepared by Management of Searchlight Resources Inc. and have not been reviewed by the Company's auditors

SEARCHLIGHT RESOURCES INC.

Interim statements of financial position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	March 31, 2023 \$	June 30, 2022 \$
ASSETS		
Current assets		
Cash	1,285,364	1,403,267
Marketable securities (Note 3)	72,516	65,788
Amounts receivable	231,133	154,058
Prepaid expenses and deposits	131,412	70,502
Total current assets	1,720,425	1,693,615
Non-current assets		
Mineral properties (Note 4)	710,236	470,236
Total assets	2,430,661	2,163,851
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	31,627	21,856
Flow-through share premium	93,831	50,475
Total current liabilities	125,458	72,331
Shareholders' equity (deficit)		
Share capital (Note 7)	27,052,129	25,882,455
Contributed surplus	9,679,158	9,539,183
Deficit	(34,426,084)	(33,330,118)
Total shareholders' equity	2,305,203	2,091,520
Total liabilities and shareholders' equity	2,430,661	2,163,851

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on November 24, 2022.

/s/ "John Kerr"
John Kerr, Director

/s/ Alfred Stewart"
Alfred Stewart, Director

(The accompanying notes are an integral part of these interim financial statements)

SEARCHLIGHT RESOURCES INC.

Interim statements of operations

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended March 31, 2023 \$	Three months ended March 31, 2022 \$	Nine months ended March 31, 2023 \$	Nine months ended March 31, 2022 \$
Expenses				
Investor relations	31,699	26,275	167,202	86,702
Management and consulting fees (Note 6)	64,100	64,500	202,475	147,700
Mineral exploration costs (Note 5)	127,474	148,439	481,327	428,068
Office and miscellaneous	18,873	11,129	43,652	39,923
Professional fees (Note 6)	34,300	23,845	134,709	95,520
Rent	3,930	3,930	11,790	11,790
Share-based compensation (Note 8)	-	208,914	93,632	208,914
Transfer agent and filing fees	21,033	7,783	27,034	11,519
Total expenses	301,409	494,815	1,161,821	1,030,136
Loss before other income (expense)	(301,409)	(494,815)	(1,161,821)	(1,030,136)
Other income (expense)				
Settlement of flow-through premium liability	8,325	13,698	50,377	13,698
Unrealized gain (loss) on marketable securities	(17,105)	(54,823)	(14,364)	(123,353)
Gain on sale of mineral properties	29,842		29,842	-
Total other income (expense)	21,062	(41,125)	65,855	(109,655)
Net (loss) income and comprehensive (loss)				
income for the period	(280,347)	(535,940)	(1,095,966)	(1,139,791)
Income (loss) per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average shares outstanding	129,632,000	119,258,000	127,922,000	109,175,000

(The accompanying notes are an integral part of these interim financial statements)

SEARCHLIGHT RESOURCES INC.

Interim statements of changes in equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Contributed surplus \$	Deficit \$	Total Shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, June 30, 2021	102,183,057	24,546,249	9,346,401	(32,019,132)	1,873,518
Shares issued for cash	16,633,583	1,405,687			1,405,687
Share issue costs-cash	-	(65,413)	-	-	(65,413)
Share issue costs-finder warrants	-	(36,961)	36,961	-	-
Flow-through premium	-	(75,000)			(75,000)
Exercise of warrants	270,000	13,500	-	-	13,500
Exercise of options	500,000	25,000			25,000
Transfer from contributed surplus on exercise of options		27,755	(27,755)		
Stock options expired			(25,338)	25,338	
Share-based compensation			208,914		208,914
Net loss for the period	-	-	-	(1,139,791)	(1,139,791)
Balance, March 31, 2022	119,586,640	25,840,817	9,539,183	(33,133,585)	2,246,415
Shares issued-exercise of warrants	32,760	1,638			1,638
Shares issued pursuant to mineral property option agreements	500,000	40,000	-	-	40,000
Loss for the period	-	-	-	(196,533)	(196,533)
Balance, June 30, 2022	120,119,400	25,882,455	9,539,183	(33,330,118)	2,091,520
Shares issue for cash	9,373,334	984,200	-	-	984,200
Share issue costs-cash	-	(70,450)	-	-	(70,450)
Share issue costs-finder warrants	-	(46,343)	46,343	-	
Flow-through premium	-	(93,733)			(93,733)
Shares issued-exercise of warrants	3,120,000	156,000	-	-	156,000
Shares issued pursuant to mineral property acquisition agreement	6,000,000	240,000			240,000
Fair value of stock options granted	-	-	93,632	-	93,632
Net loss for the period	-	-	-	(1,095,966)	(1,095,966)
Balance, March 31, 2023	138,612,734	27,052,129	9,679,158	(34,426,084)	2,305,203

(The accompanying notes are an integral part of these interim financial statements)

SEARCHLIGHT RESOURCES INC.

Interim statements of cash flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Nine months ended March 31, 2023	Nine months ended March 31, 2022
	\$	\$
Operating activities		
Net (loss) for the period	(1,095,966)	(1,139,791)
Items not involving cash:		
Unrealized loss on marketable securities	14,364	123,353
Gain on sale of mineral properties	(29,842)	-
Settlement of flow-through premium liability	(50,377)	(13,698)
Share-based compensation	93,632	208,914
Changes in non-cash operating working capital:		
Prepaid expenses and deposits	(60,910)	5,514
Amounts receivable	(77,075)	(49,235)
Accounts payable and accrued liabilities	9,771	174
Net cash used in operating activities	(1,196,403)	(864,769)
Investing activities		
Acquisition of mineral properties	-	(25,000)
Proceeds from sale of mineral properties	8,750	
Net cash used in investing activities	8,750	(25,000)
Financing activities		
Proceeds from issuance of common shares-net	984,200	1,340,274
Share issuance costs	(70,450)	-
Proceeds from exercise of warrants	156,000	13,500
Proceeds from exercise of options	-	25,000
Net cash provided by financing activities	1,069,750	1,378,774
Change in cash	(117,903)	489,005
Cash, beginning of period	1,403,267	1,196,294
Cash, end of period	1,285,364	1,685,299
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-
Fair value of non-cash proceeds on sale of mineral properties	21,092	-
Shares issued for mineral property	240,000	-

(The accompanying notes are an integral part of these interim financial statements)

SEARCHLIGHT RESOURCES INC.

Notes to the interim financial statements

March 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Searchlight Resources Inc. (formerly Canyon Copper Corp.), (the “Company”), was incorporated in the State of Nevada, U.S.A. on January 21, 2000 under the name Aberdene Mines Limited. On August 7, 2006, the Company changed its name to Canyon Copper Corp. On May 31, 2013, the Company changed its incorporation jurisdiction to be British Columbia, Canada. On July 25, 2018, the Company changed its name to Searchlight Resources Inc. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company’s registered office is Suite 408, 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1.

These interim financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at March 31, 2023, the Company has not generated any revenue and has accumulated losses of \$34,426,084 since inception. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. These interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”.

These interim financial statements have been prepared on a historical cost basis. These interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The Board of Directors approved these interim financial statements for issue on May 25, 2023.

(b) Future Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s interim consolidated financial statements.

SEARCHLIGHT RESOURCES INC.

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March 31, 2023

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(Unaudited – Prepared by Management)

3. Marketable Securities

The Company holds shares in publicly traded companies. The fair value of common shares held has been determined by reference to public price quotations in an active market.

	June 30, 2022 Fair value \$	Acquired \$	Unrealized gains \$	Unrealized loss \$	March 31, 2023 Fair value \$
Marketable securities	65,788	21,092	-	(14,364)	72,516

4. Mineral Properties

Mineral property acquisition costs:

	Bootleg Lake Property \$	Robinson Creek Property \$	Duddridge Lake Property \$	Total \$
Balance, June 30, 2022				
	313,736	135,000	21,500	470,236
Acquisition	240,000	-	-	240,000
March 31, 2023	553,736	135,000	21,500	710,236

Mineral exploration costs:

	Nine months ended March 31, 2023 \$	Nine months ended March 31, 2022 \$
General exploration	244,085	311,627
Geological and geophysics	71,728	77,695
Drilling	-	12,000
Labour, field and camp site	125,271	1,900
Staking	47,743	24,636
Other		210
Government grant	(7,500)	-
	481,327	428,068

(a) Bootleg Lake Gold Property, Saskatchewan, Canada

On May 10, 2017, the Company entered into an option agreement ("Option Agreement") with New Moon Minerals Corp. ("New Moon") to earn up to a 75% interest in the Bootleg Lake Gold Property (the "Property") located near Creighton, Saskatchewan, Canada by making the following cash payments, share issuances and exploration expenditures:

- (i) Cash payment of \$5,000 upon signing of agreement (paid);
- (ii) Cash payment of \$5,000 and issuing 83,333 shares within 5 days of the date of TSXV acceptance (paid and issued);
- (iii) The Company could earn a 51% interest upon completing the following:
 - Cash payment of \$40,000 and issuing 83,333 shares before June 30, 2018 (paid and issued);

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- Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2019 (paid and issued);

4. Mineral Properties *(continued)*

- Incurring initial exploration expenditures of \$100,000 before December 31, 2018, and incurring further exploration expenditures of \$150,000 before December 31, 2019, for a cumulative total of \$250,000 of exploration expenditures; and

(iv) The Company will earn a 75% interest upon completing the following:

- Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2020 (issued);
- Cash payment of \$100,000 and issuing 166,667 shares before June 30, 2021 (paid);
- Incurring additional exploration expenditures of \$200,000 before December 31, 2020, and incurring further exploration expenditures of \$300,000 before December 31, 2021, for a cumulative total of \$750,000 of exploration expenditures (expenditures incurred).

The Company can, at its option, accelerate the cash payments and common shares issuances described above. Any excess exploration expenditures incurred on the Property within an earn-in time period will be credited to successive earn-in time periods.

Under the terms of the Option Agreement, the Company will pay a 1% Net Smelter Return royalty (the "First NSR") to New Moon on commencement of commercial production. The Company will have the right, at any time, to purchase 50% of the first NSR for \$500,000. There is an existing 1% net smelter return royalty in favour of the underlying optionors.

On October 16, 2018, the Company and New Moon executed an amended option agreement ("Amended Agreement") pursuant to which the Company can earn a 51% interest in the Property by issuing 1,425,000 shares in lieu of additional cash payments.

On June 25, 2020, the Company and New Moon executed an amended option agreement pursuant to which the Company could make a cash payment of \$30,000 and issue 473,859 shares to meet its obligation prior to June 30, 2020 under item (iv) above.

During fiscal 2022, the Company completed the required exploration expenditures under item (iv) above and earned a 75% interest in the property.

During fiscal 2022, the Company made a cash payment of \$25,000 to extend the period during which the Company may exercise its option to acquire a 100% interest in the property.

On March 22, 2023, the Company issued 6,000,000 common shares pursuant to a sale and purchase agreement whereby the Company acquired the remaining 25% interest in the property and the 1% Net Smelter Return royalty held by New Moon.

(b) Duddridge Lake Property, Saskatchewan, Canada

On November 30, 2018, the Company entered into a purchase agreement to acquire a 100% interest in the Duddridge Lake Property located northwest of La Ronge, Saskatchewan. In consideration, the Company is to make the following cash payment and share issuance:

- (i) \$2,000 (paid) on the effective date; and
- (ii) \$2,000 (paid) and issue 500,000 common shares (issued) on the closing date.

Under the terms of the agreement, the Company will pay a 1% net smelter return royalty on commencement of commercial production. The Company will have the right, at any time prior to a feasibility study on the property or within six months after a feasibility study, to purchase one-half of the net smelter return for \$1,000,000 and to purchase one-half of the net smelter return for \$1,500,000.

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Notes to the interim financial statements

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4. Mineral Properties *(continued)*

(c) Flin Flon North Project, Saskatchewan, Canada

In August 2019, the Company entered into an option agreement to earn up to a 100% interest in the Flin Flon North Project located in Saskatchewan. Under the terms of the option agreement, the Company must maintain the claims in good standing and complete twelve years of assessment work. The property is subject to a 2% NSR.

(e) Robinson Creek Property, Saskatchewan, Canada

On May 6, 2021, the Company entered into an option agreement to earn up to a 100% interest in the Robinson Creek Property located in Saskatchewan. Under terms of the option agreement, the Company has the option to acquire up to a 100% interest in the property by making the following cash payments, share issuances and exploration expenditures.

(i) Cash payments of:

- \$5,000 (paid) on effective date;
- \$20,000 (paid) on closing date;
- \$25,000 (paid) on the first anniversary of the closing date;
- \$25,000 (paid) on the second anniversary of the closing date; and
- \$25,000 on the third anniversary date of the closing date.

(ii) Issue shares of:

- 500,000 shares on the closing date (issued);
- 500,000 shares on the first anniversary of the closing date (issued);
- 500,000 shares on the second anniversary of the closing date (issued); and
- 500,000 shares on the third anniversary of the closing date;

(iii) Complete the following exploration expenditures:

- \$25,000 in expenditures prior to the first anniversary of the closing date (completed);
- \$50,000 in expenditures prior to the second anniversary of the closing date (completed);
- \$400,000 in expenditures prior to the fourth anniversary of the closing date.

The Company can extend the exploration expenditures, required prior to the fourth anniversary of the closing date, by one year by issuing 500,000 common shares.

Under the terms of the option agreement, the Company will pay a 2% net smelter return royalty the optionors on commencement of commercial production. The Company will have the right, at any time, to purchase 1.5% of the net smelter return for \$3,000,000.

(f) Kulyk Lake Project, Saskatchewan, Canada

In June 2019 Searchlight announced the staking of Kulyk Lake Rare Earth project located approximately 165 kilometres north of La Ronge, Saskatchewan and 65 km south of the Key Lake Mine.

SEARCHLIGHT RESOURCES INC.

Notes to the interim financial statements

March 31, 2023

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(Unaudited – Prepared by Management)

5. Related Party Transactions

- (a) During the three months ended March 31, 2023, the Company incurred management fees of \$51,000 (2022 – \$36,000) to the CEO of the Company.
- (b) During the three months ended March 31, 2023, the Company incurred professional fees of \$18,000 (2022 – \$18,000) to a company controlled by the CFO of the Company.
- (c) During the three months ended March 31, 2023, the Company incurred consulting fees of \$17,000 (2022-\$18,000) to a Director of the Company.
- (d) During the three months ended March 31, 2023, the Company incurred exploration and evaluation fees of \$nil to a company controlled by a director of the Company (2022-\$20,000), and exploration and evaluation \$14,420 (2022-\$9,600) to a close family member of the CEO.
- (e) During the three months ended March 31, 2023, the Company incurred office and administrative expenses of \$nil (2022-\$1,700) to the CEO of the Company.
- (f) During the three months ended March 31, 2023, the Company paid consulting fees of \$4,250 (2022-\$nil) to directors of the Company.
- (g) As at March 31, 2023, the Company was indebted to the Chief Executive Officer (“CEO”) of the Company for \$nil (June 30, 2022 – \$4,650). The amounts are included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and due on demand.

6. Share Capital

Authorized: Unlimited common shares without par value

Unlimited preferred shares without par value

- (a) On March 22, 2023, the Company issued 6,000,000 common shares with a fair value of \$240,000 pursuant to a purchase agreement to acquire a mineral property.

On August 15, 2022, the Company issued 9,373,334 flow-through units at \$0.105 per unit for gross proceeds of \$984,200. Each unit consists of one common share designated as a flow-through share and one-half share purchase warrant with each whole share purchase warrant enabling the holder to acquire one common share for \$0.15 for a period of twenty-four months from the date of issue. Cash expenses of \$66,950 were incurred and 774,333 finder warrants were issued with an approximate fair value of \$46,343.
- (b) On August 4, 2022, August 12, 2022 and September 6, 2022, 2,000,000, 1,000,000 and 120,000 warrants respectively were exercised resulting in the issuance of 3,120,000 shares for gross proceeds of \$156,000

7. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2022	36,583,667	0.08
Issued	4,686,667	0.15
Exercised	(3,120,000)	0.05
Expired	(6,106,875)	0.12
Balance, March 31, 2023	32,043,459	0.08

SEARCHLIGHT RESOURCES INC.

Notes to the interim financial statements

March 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

7. Share Purchase Warrants *(continued)*

As at March 31, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
19,040,000	0.05	May 26, 2023
5,289,604	0.12	December 2, 2023
2,828,750	0.13	December 22, 2023
198,438	0.12	February 2, 2024
4,686,667	0.15	August 15, 2024
32,042,459		

In addition, there are 2,577,323 broker warrants outstanding with 1,133,440 exercisable at \$0.05 and expiring on May 26, 2023, 267,750 broker warrants exercisable at \$0.12 expiring on December 2, 2023, 401,800 broker warrants exercisable at \$0.12 exercisable on December 22, 2023, and 774,333 broker warrants exercisable at \$0.15 and expiring on August 15, 2024.

8. Stock Options

On August 21, 2009 (as amended on May 4, 2011), the Board of Directors of the Company adopted the Company's 2009 Stock Option Plan (the "Plan"). The Plan is administered by the Board of Directors. Stock options granted under the Plan have a maximum term of five years. The aggregate number of shares of the Company's common stock available for issuance under the 2009 Plan is 10% of the Company's issued and outstanding shares.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, June 30, 2022	10,700,000	0.08
Expired	(300,000)	0.20
Granted	1,850,000	0.06
Outstanding, March 31, 2023	12,250,000	0.07

SEARCHLIGHT RESOURCES INC.

Notes to the interim financial statements

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(Expressed in Canadian dollars)

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8. Stock Options (continued)

Additional information regarding stock options outstanding as at March 31, 2023, is as follows:

Range of exercise prices \$	Number of shares	Outstanding and exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.05	875,000	1.1	0.05
0.05	4,650,000	2.4	0.05
0.09	500,000	0.2	0.09
0.10	1,800,000	3.2	0.10
0.10	2,575,000	4.0	0.10
0.06	1,850,000	4.9	0.06
	12,250,000	3.0	0.07

9. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2023, as follows:

	Fair Value Measurements Using			Balance, September 30, 2022
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	1,285,364	-	-	1,285,364
Marketable securities	72,516	-	-	72,516
	1,357,880	-	-	1,357,880

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties, accrued interest on loans payable to related parties, and loans payable to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

SEARCHLIGHT RESOURCES INC.

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(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. Financial Instruments *(continued)*

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and contributed surplus.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2022.

11. Commitments and Contingencies

The Company, has an obligation to incur \$799,000 in exploration and expenditure costs as at March 31, 2023 in connection with flow-through private placement financing.

12. Subsequent Events

Subsequent to the period end, the Company issued 100,000 common shares pursuant to the exercise of 100,000 share purchase warrants and received cash in the amount of \$5,000.

Subsequent to the period end, the Company issued 500,000 common shares pursuant to a mineral property option agreement.