
AUSTIN RESOURCES LTD.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Austin Resources Ltd.

Opinion

We have audited the financial statements of Austin Resources Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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 financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Di Rito.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 27, 2023

Austin Resources Ltd.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,399	\$ 21,574
Amounts receivable	1,138	2,809
Total assets	\$ 20,537	\$ 24,383
EQUITY (DEFICIENCY) AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 39,399	\$ 32,685
Related party loan (note 6)	332,595	263,093
Total liabilities	371,994	295,778
Deficiency		
Issued capital (note 7)	6,144,075	6,144,075
Deficit	(6,495,532)	(6,415,470)
Total deficiency	(351,457)	(271,395)
Total deficiency and liabilities	\$ 20,537	\$ 24,383

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

Nature of operations and going concern (note 1)
Commitments and contingencies (note 13)

Approved on behalf of the Board:

"Weimin Fu", Director

"Dong Zheng", Director

Austin Resources Ltd.**Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating expenses		
Professional fees (note 10)	\$ 45,244	\$ 53,953
Office expense	316	-
Interest expense (note 6)	24,502	19,230
Shareholder communication and filing fees	8,538	21,300
Bank charges	428	535
Loss for the year before other items	(79,028)	(95,018)
Foreign exchange (loss)	(1,034)	(121)
Total net loss and comprehensive loss for the year	\$ (80,062)	\$ (95,139)
Basic and diluted net loss per share (note 11)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	21,346,618	21,346,618

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

Austin Resources Ltd.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating activities		
Net loss for the year	\$ (80,062)	\$ (95,139)
Adjustments for:		
Accrued interest expense	24,502	19,230
Changes in non-cash working capital items:		
Amounts receivable	1,671	(1,541)
Accounts payable and accrued liabilities	6,714	14,886
Net cash used in operating activities	(47,175)	(62,564)
Financing activities		
Proceeds received from related party loan	45,000	60,000
Net cash provided by financing activities	45,000	60,000
Net change in cash and cash equivalents	(2,175)	(2,564)
Cash and cash equivalents, beginning of year	21,574	24,138
Cash and cash equivalents, end of year	\$ 19,399	\$ 21,574

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

Austin Resources Ltd.**Statements of Changes in Equity (Deficiency)**
(Expressed in Canadian Dollars)

	Number of shares	Issued capital	Deficit	Total
Balance, December 31, 2020	21,346,618	\$ 6,144,075	\$ (6,320,331)	\$ (176,256)
Net loss and comprehensive loss for the year	-	-	(95,139)	(95,139)
Balance, December 31, 2021	21,346,618	\$ 6,144,075	\$ (6,415,470)	\$ (271,395)
Net loss and comprehensive loss for the year	-	-	(80,062)	(80,062)
Balance, December 31, 2022	21,346,618	\$ 6,144,075	\$ (6,495,532)	\$ (351,457)

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

Austin Resources Ltd.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Austin Resources Ltd. (individually, or collectively with its subsidiary, as applicable, "Austin Resources", or the "Company") completed the sale of all of its properties in Chile during the year ended December 31, 2020 and as a result of the transaction, the Company did not maintain the requirements for a TSX Venture Tier 2 company and its listing was transferred to the NEX board of the TSX Venture Exchange (the "NEX"). While the Company currently holds no mineral properties, it retains its classification as a 'Mineral Exploration/Development' company.

The Company's head office and principal address in Canada is The Canadian Venture Building, 82 Richmond St East, Suite 204, Toronto, Ontario, M5C 1P1.

On February 27, 2020, the Company transferred all of its interest in the mineral exploration properties in Chile held by Minera Azul Ventures Limitada ("Minera Azul"), the Company's wholly owned Chilean subsidiary. The Company retained a 1% net smelter royalty on its interest transferred with 50% of such royalty retained being able to be acquired for US\$63,166. As a result of the completion of the agreement with Bluerock Resources SPA, Minera Azul no longer had any assets. On May 14, 2020, the Company wound up operations in Chile and disposed of its interest in Minera Azul.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values as shown. As at December 31, 2022, the Company had not yet achieved profitable operations, had accumulated losses of \$6,495,532 (December 31, 2021 - accumulated losses of \$6,415,470) since inception, had a working capital deficiency of \$351,457 (December 31, 2021 - working capital deficiency of \$271,395) and expects to incur further losses in the search for a new business, all of which constitutes a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is no assurance that these funds will be available on terms acceptable to the Company or at all. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements are prepared on the historical cost basis and accrual basis except for cash flows.

The policies applied in these financial statements are based on IFRSs issued and in effect as of December 31, 2022. The Board of Directors approved these financial statements on March 27, 2023.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and investment-grade deposit certificates with original maturities of three months or less. As at December 31, 2022 and December 31, 2021, the Company did not hold any cash equivalents.

Austin Resources Ltd.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- iii) amortized cost;
- iv) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- v) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Austin Resources Ltd.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Amortized cost
Related party loan	Amortized cost

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Exploration and evaluation properties and expenditures

All acquisition and exploration costs, net of incidental revenues, are charged to profit or loss in the period incurred until such time as it has been determined that a property is commercially viable and technically feasible, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into "mines under construction". On the commencement of commercial production, all assets included in "mines under construction" are transferred to "producing mines" and depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Austin Resources Ltd.
Notes to Financial Statements
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2. Significant accounting policies (continued)

Income taxes

Income tax included in profit or loss for the years presented 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, 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 by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 financial position 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 utilised.

Foreign currencies

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Exchange differences are recognized in profit or loss in the period in which they arise.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

When share purchase options are exercised, the cash proceeds and their fair value previously recorded in equity reserves are recorded as issued capital. When share purchase options expire unexercised, their fair value as previously recorded, is recorded to deficit.

Austin Resources Ltd.
Notes to Financial Statements
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2. Significant accounting policies (continued)

Share purchase warrants

The fair values of warrants issued by the Company are determined on their issuance date, using the Black-Scholes option pricing model, and are recorded as a component of equity reserves. When the warrants are granted as compensation for the receipt of goods or services, they are recorded either as an expense or as a cost, capitalized to issued capital or assets, on the same basis as equivalent cash payments.

When share purchase warrants are exercised, the cash proceeds and their fair value previously recorded in warrant reserves are recorded as issued capital. When share purchase warrants expire unexercised, their fair value as previously recorded, is recorded to deficit.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding stock options and warrants would be anti-dilutive.

New standards adopted

During the year ended December 31, 2022, the Company adopted a number of amendments and improvements to existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

New standards not yet adopted and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are effective for annual periods beginning on or after January 1, 2023 and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

3. Critical judgments and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

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

Austin Resources Ltd.
Notes to Financial Statements
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3. Critical judgments and estimation uncertainties (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

Refer to note 13.

4. Capital risk management

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The capital of the Company consists of common shares of the Company.

The Company is dependent on external financing to fund its activities. In order to carry out planned operations, and pay for administrative costs, the Company must raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 were no changes to the Company's approach to capital management during the years ended December 31, 2022 and 2021.

5. Financial instruments

	As at December 31, 2022	As at December 31, 2021
Financial assets at amortized cost		
Cash and cash equivalents	\$ 19,399	\$ 21,574
Amounts receivable	1,138	2,809
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ 39,399	\$ 32,685
Related party loan	332,595	263,093

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Notes to Financial Statements
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5. Financial instruments (continued)

Financial risk factors

The nature of the exploration process and the location of the Company's assets exposed the Company to risks associated with fluctuations in commodity prices and foreign currency exchange rates. To date, the Company has not used derivative financial instruments to manage these risks.

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company expects to generate cash flow primarily from financing activities. As of December 31, 2022, the Company had net working capital deficiency of \$351,457, which included cash balance of \$19,399 and amounts receivable of \$1,138 offset by accounts payable and accrued liabilities of \$39,399 and related party loan of \$332,595. The Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate significantly due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices and foreign exchange rates. Management believes the risk of loss related to market risk to be remote.

Fair value hierarchy

Cash and cash equivalents and amounts receivable are measured at amortized cost. Accounts payable and accrued liabilities and related party loan are measured at amortized cost.

IFRS 7 Financial Instruments: Disclosures requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,

Level 3: Inputs for the asset or liability that are not based on observable market data

As at December 31, 2022 and December 31, 2021, none of the Company's financial instruments were held at fair value.

The fair value of the Company's assets and liabilities approximate their carrying value, due to their short-term nature.

Austin Resources Ltd.
Notes to Financial Statements
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6. Related party loan

During the year ended December 31, 2021, the Company incurred an additional loan from the shareholder in the amount of \$60,000. During the year ended December 31, 2022, the Company incurred an additional loan from the shareholder in the amount of \$45,000. During the year ended December 31, 2022, the Company accrued interest expense of \$24,502 (year ended December 31, 2021 - \$38,324). As at December 31, 2022, the Company owes \$332,595 (December 31, 2021 - \$263,093) including accrued interest. This loan bears interest at 10% per annum, is unsecured, and due on demand, or must be repaid in full by December 31, 2023. The Company is able to prepay the loan at any time, in whole or in part.

7. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares without par value.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020, December 31, 2021 and December 31, 2022	21,346,618	\$ 6,144,075

8. Warrants

The Company had no warrants outstanding as at December 31, 2022 and December 31, 2021.

9. Stock options

The Company has adopted a stock option plan (the "Plan"), to be administered by the Directors of the Company. Under the Plan, the Company may grant options to directors, officers, employees and consultants to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed five years. The plan provides that it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares at the time of grant.

Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The Company settles stock options exercised through the issuance of common shares from treasury.

The Company had no stock options outstanding as at December 31, 2022 and December 31, 2021.

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10. Related party transactions

The Chief Financial Officer is an employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services. During the year ended December 31, 2022, the Company incurred \$38,324 (year ended December 31, 2021 - \$38,193) for accounting services (included in professional fees) rendered by MSSI. As at December 31, 2022, MSSI was owed \$8,169 (December 31, 2021 - \$1,784) and this amount was included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing and due on demand.

Refer to note 6.

11. Loss per share

For the year ended December 31, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$80,062 (year ended December 31, 2021 - \$95,139) and the weighted average number of common shares outstanding of 21,346,618 (year ended December 31, 2021 - 21,346,618).

12. Income taxes

(a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 – 26.5%) were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Loss before income taxes	\$ (80,062)	\$ (95,139)
Expected income tax recovery based on statutory rate	(21,000)	(25,000)
Adjustment to expected income tax benefit:		
Change in tax benefits not recognized	21,000	25,000
Deferred income tax provision (recovery)	\$ -	\$ -

(b) Deferred income tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2022	As at December 31, 2021
Non-capital loss carry-forwards	\$ 1,525,000	\$ 1,434,000
Share issue costs	11,000	22,000
Resource property costs	300,000	300,000
Other	112,000	112,000
Capital loss	5,454,000	5,415,000
Total	\$ 7,402,000	\$ 7,283,000

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12. Income taxes (continued)

(b) Deferred income tax (continued)

As at December 31, 2022, the Company has approximately \$1,525,000 of non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years. The non-capital Canadian losses expire starting 2031 through to 2042. The capital losses, resource property costs, and other temporary differences may be carried forward indefinitely under current legislation. The share issuance costs will be reversed in 2023.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company and its subsidiary will be able to utilize the benefits.

13. Commitments and contingencies

The Company's activities were subject to various laws and regulations. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.