1246778 B.C. LTD.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(Expressed in Canadian Dollars)

1246778 B.C. LTD.
UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		September 30, 2021 (unaudited)		December 31, 2020 (audited)
ASSETS					
Current assets					
Cash and cash equivalents		$	7,703,220	$	-
Amounts receivable			4,438		-
Total assets		$	7,707,658	$	-
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	35,069	$	3,653
Due to a related party	3		54,928		37,489
			89,997		41,142
SHAREHOLDERS' DEFICIT					
Share capital	4		300		300
Share subscriptions received in advance			7,703,264		
Deficit			(85,903)		(41,442)
			7,617,661		(41,142)
Total liabilities and shareholders' deficit		$	7,707,658	$	-

Nature of operations and going concern (Note 1)
Commitments (Note 7)

Approved and authorized on behalf of the Board of Directors on November 12, 2021

Director James Ward (signed) Director Stephen Sandusky (signed)

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

1246778 B.C. LTD.
UNAUDITED CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Three months ended September 30, 2021		From April 8, 2020 (date of incorporation) to September 30, 2020		Nine months ended September 30, 2021		From April 8, 2020 (date of incorporation) to September 30, 2020
EXPENSES								
Accounting and corporate secretarial fees	$	6,000	$	-	$	8,500	$	-
Office		44		-		50		-
Professional fees		25,284		14,078		29,214		36,973
Regulatory and filing fees		6,083		647		6,697		647
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$	(37,411)	$	(14,725)	$	(44,461)	$	(37,620)
NET LOSS PER SHARE – BASIC AND DILUTED	$	(0.012)	$	(0.005)	$	(0.015)	$	(0.013)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		3,000,000		3,000,000		3,000,000		3,000,000

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

1246778 B.C. LTD.
UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER DEFICIT
(Expressed in Canadian Dollars)

	Number of Shares	Share Subscriptions Received in Advance	Share Capital		Deficit		Total
Balance, April 8, 2020	3,000,000	-	300	$	-	$	300
Net loss and comprehensive loss for the period	-	-	-		(37,260)		(37,260)
Balance, September 30, 2020	3,000,000	-	300	$	(37,260)	$	(37,260)
Balance, December 31, 2020	3,000,000	-	300	$	(41,442)	$	(41,142)
Share subscriptions received in advance	-	7,703,264	-		-		7,703,264
Net loss and comprehensive loss for the period	-	-	-		(44,461)		(44,461)
Balance, September 30, 2021	3,000,000	7,703,264	300	$	(85,903)	$	7,617,661

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

1246778 B.C. LTD.
UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

		Nine months ended September 30, 2021		From April 8, 2020 (date of incorporation) to period ended September 30, 2020
Cashflow from Operating activities:				
Net loss for the period	$	(44,461)	$	(37,620)
Changes in non-cash working capital:				
Amounts receivable		(4,438)		-
Accounts payable and accrued liabilities		31,416		778
Due to a related party		17,439		-
Net cash used in operating activities		(44)		(36,842)
Cashflow from Financing activities:				
Share subscriptions received in advance	$	7,703,264	$	-
Advances from related parties		-		36,542
Shares issued for cash		-		300
Net cash provided by financing activity		7,703,264		36,842
Increase in cash during the period		-		-
Cash – at beginning of the period		-		-
Cash – at end of the period	$	7,703,220	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

1246778 B.C. Ltd. (the "Company" or "778 BC") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company is engaged in the exploration and development of mineral properties in Canada. The Company's head office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC, V6C 3L6.

On June 25, 2020, 778 BC's parent company, 1289625 B.C. Ltd. ("1289625", formerly 2583262 Ontario Inc.), announced that it would go through a statutory plan of arrangement (the "Plan") involving its eight (8) wholly-owned subsidiaries. The Plan involved, among other things, the distribution of common shares of 778 BC to current shareholders of 1289625 on the basis of one hundred thousand (100,000) 778 BC common shares per outstanding common share of the 1289625.

On July 24, 2020, 1289625 completed the Plan thereby resulting in the Company being spun out and becoming a non-listed reporting issuer.

These interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the nine months ended September 30, 2021, the Company had accumulated deficit of $85,903. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. These factors indicate material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company's ability to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company's interim condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim financial reporting". These interim condensed financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the company for the period from incorporation on April 8, 2020 to December 31, 2020, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These financial statements were approved by the board of directors for issue on August 27, 2021.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Foreign currencies

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

d) Financial instruments

Recognition and classification

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.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

<u>Financial assets and liabilities at FVTPL</u>

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

<u>Financial assets at FVTOCI</u>

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

<u>Financial assets and liabilities at amortized cost</u>

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares and warrants are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

f) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Contingently releasable escrow common shares are excluded from the calculation of weighted average number of common shares outstanding.

(Expressed in Canadian Dollars)

3. RELATED PARTY TRANSACTIONS

As at September 30, 2021, the Company has $54,928 in related party liabilities owing to 1289625 for reimbursable expenses incurred on behalf of the Company.

4. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 3,000,000 common shares.

Stock Options

On December 22, 2020, the Company granted 75,000 stock options to its CEO. The stock options vest immediately, exercisable at $0.10 per common share and will expire 5 years from the date of grant.

As at September 30, 2021, the Company has the following stock options granted and outstanding:

Number of Options	Expiry Date	Exercise Price	Remaining Life (in Years)
75,000	December 21, 2025	$0.10	4.73

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to 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 debt, acquire or dispose of assets or adjust the amount of cash. The Company is currently dependent on 1289625 as its primary source of operating capital.

6. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash as FVTPL, amounts receivable as amortized cost, and accounts payable and accrued liabilities as amortized cost.

a) Fair value 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.

As at September 30, 2021, the Company believes that the carrying values of amounts receivable, accounts payable and accrued liabilities, and amounts due a to related party approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk related to cash is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. As at September 30, 2021, the Company does not have sufficient cash to settle liabilities as they come due. The company is exposed to liquidity risk.

7. COMMITMENTS

On June 16, 2021, Minto Explorations Ltd. ("Minto"), 1246778 B.C. Ltd. ("778 BC") and Pembridge Resources PLC ("Pembridge") announced that they have entered into a series of agreements that when complete will see Minto going public by way of a "reverse take-over" of 778 BC (the "RTO") together with a concurrent application to list the resulting issuer shares on the TSX Venture Exchange (the "Exchange").

As part of the RTO, Minto and 778 BC have entered into an engagement letter dated June 11, 2021 with Stifel GMP and Raymond James Ltd., as co-lead agents and joint bookrunners (the "Co-Lead Agents") on behalf of a syndicate of agents including Haywood Securities Inc. and Echelon Wealth Partners Inc. (collectively, the "Agents"), pursuant to which the Agents have agreed to sell, on a "best efforts" private placement basis, subscription receipts of 778 BC (the "Subscription Receipts") at a price of C$2.60 to C$2.80 per Subscription Receipt (the "Offering Price") for gross proceeds of up to C$45 million (the "Offering"). In addition, Minto and 778 BC have granted to the Agents an option (the "Agents' Option") to increase the size of the Offering to raise additional gross proceeds up to C$6.75 million. As at September 30, 2021 firm commitments for $31.0 million of shares have been received.

As consideration for their services provided in connection with the Offering, Minto and 778 BC have agreed to pay the Agents a cash commission (the "Cash Commission") equal to 6.0% of the aggregate gross proceeds received from the sale of the Subscription Receipts (2.0% with respect to the gross proceeds raised under Minto's "President's List").

The RTO is subject to, among other things: (i) the completion of the Offering for aggregate gross proceeds of not less than C$40 million; (ii) the completion of the 778 BC Consolidation; (iii) Minto owning all of the rights and interests in and to the Minto Mine; (iv) the Resulting Issuer meeting the requirements of the Exchange for a Tier 1 mining issuer and the Exchange issuing conditional acceptance, subject to customary conditions of closing, for the listing of the Resulting Issuer Shares; (v) Minto having entered into an agreement with Pembridge to provide for the continuation of all of Minto's existing payments and assumption and indemnity obligations in favor of Pembridge; (vi) certain shareholders of Minto and Minto Metals entering into a registration rights agreement; (vii) certain shareholders of Minto entering into a voting agreement in respect of their respective Resulting Issuer Shares; (viii) not more than 10% of the shareholders of each of 778 BC and Minto having exercised dissent rights in respect of the amalgamation of such entities; (iv) each of the parties obtaining all necessary board, shareholder and regulatory approvals, and (x) other standard closing conditions. The RTO will be subject to the approval of the shareholders of 778 BC and the shareholders of Minto, which 778 BC and Minto anticipate they will obtain by way of unanimous written consent resolutions.

8. SUBSEQUENT EVENT

On November 10, 2021 778 BC and Minto announced that, in connection with the previously announced RTO of 778 BC by Minto, the TSX Venture Exchange (the "Exchange") has conditionally accepted the RTO and the Exchange listing (the "Listing") of post-RTO common shares of an entity to be named "Minto Metals Corp." (the "Resulting Issuer"), which will be formed by the amalgamation of 778 BC and Minto (the "Amalgamation"). The Listing is conditional on 778 BC, Minto and the Resulting Issuer fulfilling a number of conditions on or before February 2, 2022, and it is expected that these conditions precedent will be satisfied, and the Resulting Issuer common shares will begin trading on the Exchange, on or before the end of November, 2021. The Resulting Issuer trading symbol on the Exchange will be "MNTO.