

Rex Resources Corp.

Financial Statements

For the years ended September 30, 2022 and 2021

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Independent Auditor's Report

To the Shareholders of Rex Resources Corp.

Opinion

We have audited the financial statements of Rex Resources Corp. (the "Company"), which comprise the statement of financial position as at September 30, 2022 and the statements of changes in equity, comprehensive loss, and cash flows for the year 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 September 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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, 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

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Rex Resources Corp. for the year ended September 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on January 27, 2022.

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 identified above 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 the other information 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 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 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 the 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 judgment 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 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 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.

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

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
February 22, 2023**

REX RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Note	September 30, 2022	September 30, 2021
ASSETS		\$	\$
Current assets			
Cash		278,881	267,707
Sales tax receivable		17,139	6,819
		296,020	274,526
Reclamation deposit		11,800	11,800
Long-term prepaids		69,929	27,433
Exploration and evaluation assets	4	454,129	326,750
TOTAL ASSETS		831,878	640,509
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	39,835	33,940
SHAREHOLDERS' EQUITY			
Share capital	5	1,155,601	785,806
Reserves	5	180,048	111,395
Accumulated deficit		(543,606)	(290,632)
		792,043	606,569
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		831,878	640,509

The accompanying notes are integral to these financial statements.

Approved on Behalf of the Board of Directors on February 22, 2023:

/s/ Craig Taylor
Director

/s/ Anthony Zelen
Director

REX RESOURCES CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

		Share Capital					
	Note	Number of Class A Common Shares	Amount	Reserves	Share Subscriptions Receivable	Accumulated Deficit	Total
			\$	\$	\$	\$	\$
Balance, September 30, 2020		6,664,285	275,570	-	(14,000)	(27,430)	234,140
Private placements	5	4,065,000	560,550	-	14,000	-	574,550
Finder's fees – cash	5	-	(41,400)	-	-	-	(41,400)
Finder's fees – warrants	5	-	(25,000)	25,000	-	-	-
Finder's fees – shares	5	60,000	-	-	-	-	-
Share issuance costs	5	-	(43,914)	-	-	-	(43,914)
Shares issued for exploration and evaluation assets	4	400,000	60,000	-	-	-	60,000
Stock-based compensation	5	-	-	86,395	-	-	86,395
Net loss for the year		-	-	-	-	(263,202)	(263,202)
Balance, September 30, 2021		11,189,285	785,806	111,395	-	(290,632)	606,569
Private placements	5	1,680,000	235,200	100,800	-	-	336,000
Share issuance costs	5	-	(2,552)	-	-	-	(2,552)
Shares issued for exploration and evaluation assets	4	200,000	25,000	-	-	-	25,000
Stock option exercise	5	400,000	112,147	(32,147)	-	-	80,000
Net loss for the year		-	-	-	-	(252,974)	(252,974)
Balance, September 30, 2022		13,469,285	1,155,601	180,048	-	(543,606)	792,043

The accompanying notes are integral to these financial statements.

REX RESOURCES CORP.**STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

		For the year ended September 30, 2022	For the year ended September 30, 2021
	Note	\$	\$
EXPENSES			
Consulting	6	93,500	21,000
Marketing		12,094	3,886
Office and administrative		23,504	11,607
Professional	6	88,427	93,342
Regulatory		35,449	46,972
Stock-based compensation		-	86,395
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(252,974)	(263,202)
Weighted Average Number of Shares Outstanding		13,081,559	8,504,408
Basic and Diluted Loss Per Share		(0.02)	(0.03)

The accompanying notes are integral to these financial statements.

REX RESOURCES CORP.
STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars)

	For the year ended September 30, 2022	For the year ended September 30, 2021
	\$	\$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
Net loss for the year	(252,974)	(263,202)
Adjust for non-cash items:		
Stock-based compensation	-	86,395
Changes in non-cash working capital items:		
Sales tax receivable	(10,320)	(6,819)
Accounts payable and accrued liabilities	5,895	4,790
	(257,399)	(178,836)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Reclamation deposit	-	(11,800)
Long-term prepaids	(42,496)	(27,433)
Mineral property acquisition	(50,000)	(25,000)
Exploration and evaluation expenditures	(52,379)	(156,750)
	(144,875)	(220,983)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from private placements	336,000	560,550
Finders' fees	-	(41,400)
Share issuance costs	(2,552)	(43,914)
Subscriptions received	-	14,000
Proceeds from stock options exercised	80,000	-
	413,448	489,236
Net increase in cash	11,174	89,417
Cash, beginning of the year	267,707	178,290
Cash, end of the year	278,881	267,707
Supplemental information:		
Fair value of shares issued for exploration and evaluation assets	25,000	60,000
Fair value of finder's warrants	-	25,000
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are integral to these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Rex Resources Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 29, 2020. On June 2, 2021, the Company completed its initial public offering (“IPO”) and commenced trading on the TSX Venture Exchange (“TSXV”) on June 4, 2021 under the trading symbol “OWN”. The Company is primarily engaged in mineral exploration activities in British Columbia, Canada. The head office and the principal address of the Company are located at 1570 – 505 Burrard Street, Vancouver, BC, Canada V7X 1M3.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the year ended September 30, 2022, the Company had a net loss of \$252,974 (2021 - \$263,202), and as of that date, an accumulated deficit of \$543,606 (2021 - \$290,632), had not advanced its mineral properties to commercial production, and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties may cast a significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with its proceeds from its initial public offering of its shares, loans from directors and companies controlled by directors and/or additional private placement of common shares. These financial statements do not include any adjustments that might result from this uncertainty. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak; however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company’s current operations to date. Access to the Company’s project located in British Columbia, Canada has not been prohibited.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements for the year ended September 30, 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These statements are presented in Canadian Dollars, which is the Company’s functional currency.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements were authorized for issue by the Board of Directors on February 22, 2023.

2. BASIS OF PRESENTATION (Continued)

Significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments concerning the future. The Company's management reviews these estimates and judgments on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates and judgments about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates and judgments made, relate to, but are not limited to the following:

Ability to continue as a going-concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Recoverability of the carrying value of exploration and evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

In respect of the carrying value of exploration and evaluation assets recorded on the statements of financial position, management has determined that it continues to be appropriately recorded, as there are no indications that the value of the assets have declined more than its carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluations assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. Option payments are recorded as property costs or recoveries when the payments are made or received. The Company capitalizes all acquisition costs and direct exploration expenditures on mineral properties in which it has a continuing interest. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of the exploration and evaluation asset is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluations assets (Continued)

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Income taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Rehabilitation provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is determined. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mineral property. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks and the change is recorded to profit and loss. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. As at September 30, 2022 and 2021, management is not aware of any reportable rehabilitation provisions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Instruments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Common shares issued for consideration other than cash are valued at the fair value of the assets received or the services rendered. If the fair value of the assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at their fair value on the date of issuance. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date the units are priced, with any residual value from the proceeds being allocated to the warrants.

Stock-based compensation

The Company grants stock 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 stock 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 stock options is credited to share capital.

In situations where equity instruments are issued to non-employees the transaction is measured at fair value of the goods or services received. If value of goods or services received cannot be accurately determined, the transaction is measured at the fair value of the stock-based compensation.

All equity-settled share-based payments are reflected in reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. On expiration of options, the previously recognized amount is left in the reserves.

Financial Instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost – A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance if the financial assets are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest. The Company's reclamation deposit is classified as measured at amortized cost.

Fair value through profit or loss ("FVTPL") – Financial assets subsequently measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Fair value through other comprehensive income ("FVTOCI") – Financial assets subsequently measured at fair value through other comprehensive income are recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases. The Company does not have any financial assets measured at FVTOCI.

Derecognition of 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.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and is classified as amortized cost.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (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.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified 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.
- Level 3 - Valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments classified as Level 1 in the fair value hierarchy is cash.

Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The diluted loss per share are calculated based on the weighted average number of common shares outstanding during the period, plus the effects of the dilutive common share equivalents. This method requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

New accounting standards issued but not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the following accumulated expenditures:

	Kalum Project
	\$
Balance at September 30, 2020	100,000
Acquisition costs	85,000
Airborne Survey	36,289
Camp costs	4,215
Drilling costs	89,910
Geological	11,336
Balance at September 30, 2021	326,750
Acquisition costs	75,000
Administration	7,000
Camp costs	39,737
Geological	5,642
Balance at September 30, 2022	454,129

Kalum Project

On August 12, 2020, as amended November 4, 2020, November 23, 2020, December 16, 2020, March 16, 2021, April 22, 2021, October 4, 2021, March 17, 2022, and December 21, 2022, the Company entered into a purchase option agreement ("Option Agreement" or "Option") with Eagle Plains Resources Ltd. ("Eagle Plains"), whereby the Company was granted exclusive rights to acquire 60% of Eagle Plain's 4 mining claims located in the Terrance area of British Columbia, Canada.

In order to exercise the option, the Company must meet the following commitments:

- a. Pay to Eagle Plains an aggregate of \$250,000 as follows:
 - i. \$10,000 within 10 days after execution of a letter of intent (paid);
 - ii. \$15,000 by 10 days after execution of the Option Agreement (paid);
 - iii. \$25,000 by May 31, 2021 (paid);
 - iv. \$50,000 by March 31, 2022 (paid);
 - v. \$75,000 by June 30, 2023; and
 - vi. \$75,000 in cash or shares, at the discretion of the Company, by December 31, 2023.
- b. Issue to Eagle Plains an aggregate of 1,100,000 common shares of the Company as follows:
 - i. 200,000 shares 3 days after TSX Venture has provided notice of approval of the listing of the Company's shares (issued);
 - ii. 200,000 shares by May 31, 2021 (issued);
 - iii. 200,000 shares by March 31, 2022 (issued);
 - iv. 300,000 shares by June 30, 2023; and
 - v. 200,000 shares by December 31, 2023.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Kalum Project (Continued)

- c. Incur no less than \$3,000,000 of exploration expenditures as follows:
 - i. \$100,000 by December 31, 2020 (completed);
 - ii. \$150,000 by December 31, 2022 (completed);
 - iii. \$1,000,000 by December 31, 2023; and
 - iv. \$1,750,000 by December 31, 2024.

If the Company exercises the Option and acquires 60% rights, title and interest in the claims, Eagle Plains will be entitled to 2.0% net smelter royalty (one-half of which may be repurchased for \$1,000,000) and both parties will form a joint venture for the purpose of continued exploration and, if warranted, development of the property.

5. SHARE CAPITAL

Authorized:

Unlimited number of fully paid Class A common shares without par value and with voting rights ("Common shares").
Unlimited number of Class B Preferred Shares without par value – none issued.

Issued:

For the year ended September 30, 2022

On November 3, 2021, the Company completed a private placement of 1,680,000 Units at a price of \$0.20 per Unit for gross proceeds of \$336,000, with \$235,200 assigned to common shares and \$100,800 assigned to warrants reserves using the residual method. Each Unit comprised of one common share and one share purchase warrant exercisable for twenty-four months at \$0.25 per share. No finder fees were paid in connection with this private placement.

On March 31, 2022, the Company issued 200,000 common shares with a fair value of \$25,000 in accordance with the Kalum Project Option Agreement (Note 4).

During the year ended September 30, 2022, the Company issued 400,000 common shares for proceeds of \$80,000 from the exercise of stock options and transferred \$32,147 from reserves.

For the year ended September 30, 2021

On June 2, 2021, the Company completed its IPO through the issuance of 3,450,000 common shares at a price of \$0.15 per share for gross proceeds of \$517,500. In connection with the IPO, the Company paid a cash finder's fee of \$41,400, issued 276,000 finder's warrants exercisable for \$0.15 per share expiring June 2, 2023, and 60,000 common shares with a fair value of \$9,000. The Company incurred additional costs of \$43,914 in connection with the IPO.

The finder's warrants had a fair value of \$25,000 calculated using the Black-Scholes model with the following inputs: i) exercise price: \$0.15; ii) share price: \$0.15; iii) term: 2 years; iv) volatility: 117%; v) discount rate: 0.41%.

During the year ended September 30, 2021, through a series of private placements, the Company issued 615,000 shares at a price of \$0.07 per share for gross proceeds of \$43,050. In addition, the Company received \$14,000 in share subscription receivable related to the September 14, 2020 private placement.

5. SHARE CAPITAL (Continued)

On June 2, 2021, the Company issued 400,000 common shares with a fair value of \$60,000 in accordance with the Kalum Project Option Agreement (Note 4).

Escrow shares

On December 22, 2020, the Company executed an escrow agreement with an escrow agent and a certain security holders where they have agreed to deposit 2,250,000 common shares in escrow. Under the escrow agreement, 25% of the shares were released upon completion of the IPO and 25% of the shares will be released every six months following listing. As at September 30, 2022, the Company had 1,500,000 (2021 – 1,687,500) shares held in escrow.

Stock Options

On October 5, 2020, the Company adopted the Incentive Stock Option Plan (the "Plan"). The shares issuable under the Plan are as follows:

- The term of any options granted may not exceed 10 years from the date of grant;
- The aggregate number of shares ("Optioned Shares") that may be issuable pursuant to options granted under the Plan will not exceed 10% of the number of issued shares of the Company at the time of the granting of options under the Plan;
- No more than 5% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Optionee (as hereinafter defined) in any 12-month period;
- No more than 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to any one Consultant in any 12-month period; and
- No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all Employees and/or Consultants conducting "Investor Relations Activities" (as that term is defined in TSX Venture Exchange Policy 1.1) in any 12-month period.

On August 16, 2021, the Company granted 1,075,000 stock options to directors, officers and consultants with an exercise price of \$0.20 per common share for two years from the date of grant. These options had a fair value of \$86,395 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.20; ii) share price: \$0.20; iii) term: 2 years; iv) volatility: 114%; v) discount rate: 0.41%. Of the fair value calculation, approximately \$70,322 has been attributed to related parties of the Company.

The volatility is based on historical observations of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of nil% in determining the expense recorded.

5. SHARE CAPITAL (Continued)

Stock Options (Continued)

A continuity schedule of stock options is as follows:

	Number of options	Weighted average exercise price (\$)
Options outstanding, September 30, 2020	-	-
Granted	1,075,000	0.20
Options outstanding, September 30, 2021	1,075,000	0.20
Exercised	(400,000)	0.20
Options outstanding, September 30, 2022	675,000	0.20

The share price on the date of exercise was \$0.14.

Details of outstanding and exercisable stock options at September 30, 2022 are as follows:

Exercise Price	Expiration Date	Number of options
\$0.20	August 16, 2023	675,000

As at September 30, 2022, the weighted average remaining contractual life of the stock options was 0.89 years.

Warrants

A continuity schedule of share purchase warrants is as follows:

	Number of warrants	Weighted average exercise price (\$)
Warrants outstanding, September 30, 2020	-	-
Issued	276,000	0.15
Warrants outstanding, September 30, 2021	276,000	0.15
Issued	1,680,000	0.25
Warrants outstanding, September 30, 2022	1,956,000	0.24

Details of outstanding warrants at September 30, 2022 are as follows:

Exercise Price	Expiration Date	Number of warrants
\$0.15	June 2, 2023	276,000
\$0.25	November 3, 2023	1,680,000
		1,956,000

As at September 30, 2022, the weighted average remaining contractual life of the warrants was 1.03 years.

6. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

During the year ended September 30, 2022, \$93,500 (2021 - \$21,000) was paid to the Chief Executive Officer for consulting fees, which included a bonus payment of \$65,000 (2021 - \$Nil).

During the year ended September 30, 2022, \$32,500 (2021 - \$17,500) was paid to the former Chief Financial Officer for professional fees, which included a bonus payment of \$15,000 (2021 - \$Nil).

As at September 30, 2022, \$Nil (2021 - \$23,940) was owing to related parties of the Company and included in accounts payable and accrued liabilities. Any balances that would have been owing to related parties would be unsecured, would not bear interest, and would have no fixed terms of payments.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

			September 30, 2022	September 30, 2021
	Level	Ref.	\$	\$
Other financial assets	1	a	278,881	267,707

a. Comprises cash

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term maturity nature of the financial instruments.

Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company is not exposed to significant credit risk.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Management of Financial Risk (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. The Company's accounts payable and accrued liabilities are due within 90 days of September 30, 2022. Liquidity risk has been assessed as high.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

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 Company is not exposed to significant interest rate.

Price risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the period. The Company is actively looking to acquire an interest in a business or assets, and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There have been no changes to the Company's approach to capital management during the year ended September 30, 2022.

8. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration and development of resource properties. All assets of the Company are located in Canada.

9. COMMITMENTS

As at September 30, 2022, the Company has certain commitments and obligations related to its mineral property in order to exercise the option (Note 4).

10. DEFERRED INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2022	September 30, 2021
Net loss for the year	\$(252,974)	\$(263,202)
Statutory tax rate	27%	27%
Expected income taxes (recovery) at the statutory tax rate	\$ (68,000)	\$ (71,000)
Items not deductible for tax purposes	-	23,000
Origination and reversal of temporary differences	-	(23,000)
Change in tax assets not recognized	68,000	71,000
Income tax expense (recovery)	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2022	September 30, 2021
Temporary differences:	\$	\$
Loss carry-forwards	490,000	221,000
Share issuance costs	54,000	69,000
	544,000	290,000

The Company has non-capital losses of approximately \$490,000 (2021 – \$221,000) available to offset future income for income tax purposes which commence from 2040 to 2042. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements.

Expiry date	\$
2040	27,000
2041	194,000
2042	269,000