SMITHE RESOURCES CORP.
(A Capital Pool Company)

Condensed Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Smithe Resources Corp. for the three months ended July 31, 2022 were prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

SMITHE RESOURCES CORP.

Condensed Interim Statements of Financial Position

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

As at		July 31, 2022		April 30, 2022
ASSETS				
Current assets				
Cash (note 5)	$	443,227	$	460,799
Prepaid expenses		2,275		3,640
Total assets	$	**445,502**	**$**	**464,439**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	14,076	$	15,827
Total liabilities		14,076		15,827
Shareholders' Equity				
Share capital (note 6)		495,531		495,531
Reserves		95,531		95,531
Deficit		(159,636)		(142,450)
		431,426		448,612
Total liabilities and shareholders' equity	$	**445,502**	**$**	**464,439**

Nature and continuance of operations (note 1)
Subsequent events (note 9)

These condensed interim financial statements are authorized for issue by the Board of Directors on September 2, 2022. They are signed on the Company's behalf by:

"Anthony Balic" (signed)

Director

"Matthew Roma" (signed)

Director

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

SMITHE RESOURCES CORP.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

	For the three months ended	
	July 31, 2022	**July 31, 2021**
Expenses		
Professional fees	$ 7,733	$ 379
Public listing and regulatory fees	6,480	10,764
Office expense	2,973	255
Loss and Comprehensive Loss for the Period	**$ (17,186)**	**$ (11,398)**
Basic and Diluted Loss Per Common Share	**$ (0.00)**	**$ (0.00)**
Weighted Average Number of Common Shares Outstanding	**7,400,000**	**2,400,000**

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

SMITHE RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

	Share Capital										
	Number		Amount		Share-Based Reserves		Warrant Reserves		Deficit		Equity
Balance, April 30, 2021	**2,400,000**	**$**	**120,000**	**$**	**-**	**$**	**-**	**$**	**(16,689)**	**$**	**103,311**
Loss for the period	-		-		-		-		(11,398)		(11,398)
Balance, July 31, 2021	**2,400,000**	**$**	**120,000**	**$**	**-**	**$**	**-**	**$**	**(28,087)**	**$**	**91,913**

	Share Capital										
	Number		Amount		Share-Based Reserves		Warrant Reserves		Deficit		Equity
Balance, April 30, 2022	**7,400,000**	**$**	**495,531**	**$**	**63,340**	**$**	**32,191**	**$**	**(142,450)**	**$**	**448,612**
Loss for the period	-		-		-		-		(17,186)		(17,186)
Balance, July 31, 2022	**7,400,000**	**$**	**495,531**	**$**	**63,340**	**$**	**32,191**	**$**	**(159,636)**	**$**	**431,426**

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

SMITHE RESOURCES CORP.
Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)

	For the three months ended	
	July 31, 2022	**July 31, 2021**
Operating Activities		
Loss for the period	$ (17,186)	$ (11,398)
Changes in non-cash working capital items:		
Prepaid expenses	1,365	(25,616)
Accounts payable and accrued liabilities	(1,751)	1,324
Net cash used in operating activities	**(17,572)**	**(35,690)**
Inflow (Outflow) of cash during the period	**(17,572)**	**(35,690)**
Cash, beginning of period	460,799	106,708
Cash, end of period	**$ 443,227**	**$ 71,018**

Supplemental cash flow information:

Cash paid for taxes	-	-
Cash paid for interest	-	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Smithe Resources Corp. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on February 17, 2021. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction (the "Qualifying Transaction") under the Exchange Policy. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

On October 21, 2021, the Company completed its initial public offering (the "IPO") of 5,000,000 common shares at the price of $0.10 per common share. The common shares of the Company commenced trading on the Exchange on October 25, 2021 under the trading symbol "SMTH.P".

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, or participation in, an interest in properties, assets or businesses that will constitute a Qualifying Transaction.

The head office and records office of the Company are located at 1201 – 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

<u>Going concern of operations:</u>

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As at July 31, 2022, the Company had working capital of $431,426 (April 30, 2022 – $448,612) and an accumulated deficit of $159,636 (April 30, 2022 – $142,450).

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

Since March 2020, there has been a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on regional economics in which the Company operates and could continue to result in negative impacts on the stock market, and the ability to raise capital and could impact the Company's operations. In addition, the Company's financial condition may be further affected by economic and or other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the Company to be limited, the indirect impacts on the economy in general could negatively affect the Company and may make it more difficult for it to raise equity or debt financing. It is not possible to reliably estimate the length and severity of these developments and the impact on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2022. The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented.

The Company's functional and presentation currency is the Canadian dollar.

(b) Approval of the financial statements

These financial statements of the Company were approved by the Board of Directors and authorized for issue on September 2, 2022.

(c) Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements is included in the going concern assessment (see note 1).

(d) Accounting Standards issued but not yet effective

There are no accounting standards issued but not yet effective that will have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized cost
A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income
A financial asset measured at fair value through other comprehensive income ("FVTOCI") is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included in other comprehensive income.

Fair value through profit or loss
A financial asset measured at fair value through profit or loss ("FVTPL") is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

The carrying value of cash, accounts payables and accrued liabilities included in the statements of financial position approximate their fair values due to their short term nature of those instruments.

(b) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options that would be anti-dilutive.

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.

(c) Share capital

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 and share options and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

(d) Stock-based compensation

The Company accounts for stock options granted to directors, officers, employees and non-employees at fair value. The fair value of the options to employees, including directors, at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations or share capital using the graded vesting method, with an offsetting credit to reserves, over the vesting periods. The fair value of stock options granted to non-employees is measured based on the fair value of the goods and services received, unless that fair value cannot be estimated reliably, in which case the fair value is determined with reference to the fair value of the instruments granted and is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

(e) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 income will be available to allow all or part of the deferred income tax asset to be utilized.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a single major Canadian financial institution. The Company's maximum exposure to credit risk, as at year-end, is the carrying value of its financial assets.

Credit risk is minimized by ensuring that these financial assets are placed with a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

(d) Hierarchy levels

As at April 30, 2022, the Company held the following financial instruments measured at fair value: cash (level 1). The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the three months ended July 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

5. CASH RESTRICTION

Since completion of the IPO, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, provided that (1) the Company may use the proceeds raised from the IPO to pay for (a) reasonable expenses related to the IPO, (b) agents' and finders' fees, costs and commissions, (c) assurance and audit fees, (d) escrow agent and transfer agent fees, and (e) regulatory filing fees; and (2) the Company may incur general and administrative expenses in the aggregate of up to $3,000 per month. These restrictions may apply until completion of the Qualifying Transaction by the Company as pursuant to the policies of the Exchange.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(a) Authorized

The Company has authorized an unlimited number of common shares without par value. As at July 31, 2022, the Company had 7,400,000 common shares outstanding (April 30, 2022 – 7,400,000).

<u>During the three months ended July 31, 2022:</u>

During the three months ended July 31, 2022, no common shares were issued by the Company.

<u>During the year ended April 30, 2022:</u>

On October 21, 2021, the Company completed its IPO of 5,000,000 common shares at $0.10 per common share for gross proceeds of $500,000. The Company paid the agents a cash commission of $50,000 and an administration fee of $15,000. The Company also issued 500,000 agent warrants valued at $32,191. Each agent warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.10 per agent warrant and is exercisable for a period of 2 years. Additional share issue costs of $27,278 were incurred in connection with this financing, and was recorded as an offset to share capital, as share issuance costs.

(b) Escrow shares

Pursuant to an escrow agreement dated June 14, 2021 between the Company, Endeavor Trust Corporation and certain shareholders of the Company, 2,400,000 common shares have been deposited in escrow. Upon the Company completing a Qualifying Transaction, the Exchange will issue a bulletin announcing the final acceptance, and 25% of the common shares held pursuant to the escrow agreement shall immediately be released. An additional 25% of the escrowed common shares will be released on each six-month anniversary thereafter.

(c) Stock option

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, and qualifying technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of shares reserved for issuance will not exceed 10% of the issued and outstanding shares at the time of grant. Such options will be exercisable for a period of up to ten years from the date of grant.

As of July 31, 2022, the Company had stock options outstanding enabling the holders to acquire common shares as follows:

Expiry Date	Number of Options	Exercise Price	Weighted Average Life Remaining
October 21, 2026	740,000	$0.10	4.23

(Expressed in Canadian Dollars)

As of April 30, 2022, the Company had stock options outstanding enabling the holders to acquire common shares as follows:

Expiry Date	Number of Options	Exercise Price	Weighted Average Life Remaining
October 21, 2026	740,000	$0.10	4.48

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 30, 2021	**-**	**-**
Granted	740,000	$ 0.10
Exercised	-	-
Cancelled	-	-
Outstanding, April 30, 2022	**740,000**	**$ 0.10**
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding, July 31, 2022	**740,000**	**$ 0.10**

During the three months ended July 31, 2022, no stock options were granted by the Company. During the three months ended July 31, 2022, the Company recognized $nil (July 31, 2021 - $nil) in share-based compensation expense in connection with stock options granted.

During the year ended April 30, 2022, the Company granted 740,000 stock options to directors and officers of the Company. These options have an exercise price of $0.10 per share and are exercisable for a period of 5 years.

The following assumptions were used for the Black-Scholes option pricing model valuation of stock options granted during the year ended April 30, 2022:

Expected share price volatility	130%
Expected life of options	5 years
Risk free interest rate	0.86%
Expected dividend yield	0%
Exercise price	$0.10
Share price on grant date	$0.10

The expected share price volatility is based on the average historical share price of comparable companies over the life of the option.

(d) Warrants

As of July 31, 2022, the Company's outstanding warrants consisted of the following:

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Life Remaining
October 21, 2023	500,000	$0.10	1.22

(Expressed in Canadian Dollars)

As of April 30, 2022, the Company's outstanding warrants consisted of the following:

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Life Remaining
October 21, 2023	500,000	$0.10	1.48

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, April 30, 2021	**-**	**-**
Granted	500,000	$ 0.10
Exercised	-	-
Cancelled	-	-
Outstanding, April 30, 2022	**500,000**	**$ 0.10**
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding, July 31, 2022	**500,000**	**$ 0.10**

On October 21, 2021, in connection with the IPO financing, the Company issued 500,000 agent warrants with an exercise price of $0.10 per share and exercisable for a period of 2 years. The fair value of the warrants was estimated at $32,191 using the Black-Scholes option pricing model, with the following assumptions:

Expected share price volatility	130%
Expected life of options	2 years
Risk free interest rate	0.86%
Expected dividend yield	0%
Exercise price	$0.10
Share price on grant date	$0.10

The expected share price volatility is based on the average historical share price of comparable companies over the life of the option.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its executive officers and directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

During the three months ended July 31, 2022, key management received stock-based compensation in the amount $nil (July 31, 2021 – $nil).

8. CAPITAL MANAGEMENT

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 endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. 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.

The Company defines its capital as shareholders' equity (deficiency). 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 period. The Company is not subject to any capital requirements imposed by a regulator.

9. SUBSEQUENT EVENTS

On August 1, 2022, the Company entered into a letter of intent with Indie Power Storage Corp. ("IPS BC") and IPS Systems Inc. ("IPS NV"), a wholly owned Nevada subsidiary of IPS BC (collectively, with IPS BC, "IPS"), in respect of a proposed business combination (the "Proposed Transaction"). It is anticipated that the Proposed Transaction will constitute the Company's Qualifying Transaction in accordance with Policy 2.4 – *Capital Pool Companies* of the Exchange.

In accordance with the terms of the letter of intent, the Company advanced a $25,000 deposit to IPS BC on a no-interest basis, which is repayable to the Company on demand within seven days.