Hoshi Resource Corp.

Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements of Hoshi Resource Corp. comprising the accompanying condensed statement of financial position as at March 31, 2023 and the condensed statement of loss and comprehensive loss, changes in equity and cash flows for the period then ended are the responsibility of the Corporation's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Corporation, MNP LLP. The condensed interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed interim financial statements in accordance with International Financial Reporting Standards.

Hoshi Resource Corp.
Condensed Interim Statement of Financial Position
As at,

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
Assets				
Current				
Cash	**$**	**331,040**	$	340,448
Deferred financing costs		**-**		-
Total assets	**$**	**331,040**	$	340,448
Liabilities				
Current				
Accounts payable and accruals	**$**	**715**	$	9,092
Shareholders' Equity				
Share capital *(Note 4)*	**$**	**424,496**	$	406,229
Contributed surplus		**80,786**		80,786
Deficit		**(174,957)**		(155,659)
Total shareholders' equity		**330,325**		331,356
Total liabilities and shareholders' equity	**$**	**331,040**	$	340,448

Approved on behalf of the Board

"Al Kroontje"
Al Kroontje Director

"Kevin Baker "
Kevin Baker, KC. Director

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

		2023		2022
Expenses				
Stock-based compensation	**$**	**-**	$	80,786
Professional fees		**321**		10,084
General and administrative		**710**		14,956
Net loss and comprehensive loss	**$**	**1,031**	$	105,826
Loss per share *(Note 4)*	**$**	**(0.00)**	$	(0.06)

	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Shareholders' Equity ($)
As at December 31, 2021	180,000	-	(57,840)	122,160
Issuance of common shares	300,000	80,786		380,786
Share issuance costs	(55,504)	-	-	(55,504)
Net loss	-	-	(116,086)	(116,086)
As at December 31, 2022	**424,496**	**80,786**	**(173,926)**	**331,356**
Net loss	-	-	(1,031)	(1,031)
As at March 31, 2023	**424,496**	**80,786**	**(174,957)**	**330,325**

Hoshi Resource Corp.

Condensed Interim Statement of Cash Flows

For the three months ended March 31,
(Unaudited)

	Notes	**2023**	2022
Cash provided by (used in)			
OPERATING			
Net loss		**$ (1,031)**	$ (105,826)
Add (deduct) change in non-cash items:			
Share-bassed compensation	*4*	**-**	80,786
Accounts payable and accruals		**(8,377)**	(3,317)
Other receivables		**-**	25,500
Cash flow used in operating activities		**$ (9,408)**	$ (2,857)
FINANCING			
Financing costs paid		**$ -**	$ (55,504)
Proceeds from share issuance		**-**	300,000
Cash flow provided by financing activities		**$ -**	$ 244,496
Increase (decrease) in cash		**$ (9,408)**	$ 241,639
Cash, beginning of period		**340,448**	136,657
Cash, end of period		**$ 331,040**	$ 378,296

1. REPORTING ENTITY

Hoshi Resource Corp. (the "Corporation") was incorporated on March 1, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Corporation is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any associated transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office is located at 700, 903 – 8th Avenue SW, Calgary, Alberta T2P 0P7 and the registered office of the Corporation is located at 800, 333 – 7th Ave SW, Calgary, AB, T2P 2Z1.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Corporation's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated as well as the impact on the financial results and condition of the Corporation.

Similar to COVID-19, the Corporation has not been materially impacted by the ongoing conflict in Ukraine, but uncertainty remains surrounding the conflict and the extent and duration of the impacts that it may have on the Corporation's ability to operate, on the Corporation's employees and on global financial markets..

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements ("Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning March 1, 2021.

These financial statements were authorized for issue in accordance with a resolution of the directors on May 29, 2023.

Basis of measurement

These Interim Financial Statements are stated in Canadian dollars which is the Corporation's functional currency, and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed Interim Financial Statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2022.

Cash
Cash consists of the proceeds generated from share issuances which is included in bank balances that are readily convertible into cash.

Deferred financing costs
Financing costs related to proposed financings are recorded as deferred financing costs. These costs are deferred until the financing is completed at which time the costs are charged against the proceeds received. If the financing does not close, the costs are charged to operations.

Significant accounting estimates and assumptions

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these2 tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Functional Currency

The determination of an entity's functional currency is a key judgment based on the primary economic environment in which each entity of the Corporation operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

Share-based compensation

In determining share-based compensation expense, the Corporation uses the Black-Scholes option pricing model, which requires a number of assumptions to be made, including the risk-free interest rate, volatility, dividend yield, forfeiture rate and expected option life.

Financial instruments

The Corporation is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the instrument and to which category is most applicable.

4. SHARE CAPITAL

Authorized

Unlimited number of voting Common Shares
Unlimited number of non-voting Preferred shares issuable in series

	Number of Shares	- $ Cdn -
Issued at incorporation:	-	-
Issued at $0.05 per share	3,600,000	180,000
As at December 31, 2021	3,600,000	180,000
Issued at $0.10 per share	3,000,000	300,000
Share issuance costs	-	(55,504)
At March 31,2023	6,600,000	424,496

Weighted average of shares outstanding

For the year ended December 31, 2022	6,279,452
For the quarter ended March 31, 2023	6,600,000

Escrow

The 3,600,000 common shares issued at $0.05 per share are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

These common shares, which are considered contingently issuable until the Corporation completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

Share Issuance

On February 8, 2022, the Corporation completed its initial public offering and raised gross proceeds of $300,000 pursuant to an amended and restated final prospectus dated November 13, 2021. A total of 3,000,000 common shares in the capital of the Corporation (the "Shares") were subscribed for at a price of $0.10 per Share. PI Financial Corp. (the "Agent") acted as the agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering, a corporate finance fee and non-transferable options to purchase up to 300,000 Shares at a price of $0.10 per Share for a period of two years from the date the Shares are first listed on the TSX Venture Exchange (the "TSXV").

The Corporation now has 6,600,000 Shares issued and outstanding, with the directors, officers and seed shareholders of the Corporation, in aggregate, holding 3,600,000 Shares which are subject to escrow restrictions.

Share-based payments

The Corporation has adopted an incentive stock option plan (the “Plan”) which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Corporation and Eligible Charitable Organizations, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares of the Corporation as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares of the Corporation as at the date of grant of such option.

4. SHARE CAPITAL *(continued)*

On February 8, 2022, in addition to the 300,000 Agent options, the Corporation issued to its directors and officers an aggregate of 660,000 options to purchase 660,000 Shares at an exercise price of $0.10 per Common Share, expiring February 8, 2032.

The Black-Scholes option pricing model was used to estimate the fair value of options on the date of grant using the following assumptions:

	Expiry *(year)*	Risk-free interest rate *(%)*	Expected life *(years)*	Expected dividend yield *(%)*	Expected volatility *(%)*	Forfeiture Rate *(%)*
Director Options	2032	1.81	10	0.0	120	0.0
Agent Options	2024	1.28	2	0.0	120	0.0

The fair value of the options granted of $80,786 is included in share-based compensation expense on the statement of net loss and comprehensive loss.

Options	**(#)**	**Weighted average exercise price ($)**
As at December 31, 2021	-	-
Issued to directors and officers	660,000	0.10
At March 31, 2023	660,000	0.10

Agent Options	**(#)**	**Weighted average exercise price ($)**
As at December 31, 2021	-	-
Issued to agents (expires February 8, 2024)	300,000	0.10
At March 31, 2023	300,000	0.10

5. CAPITAL DISCLOSURES

The Corporation’s capital consists of share capital. The Corporation’s objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation’s objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at period-end apart from the capital requirements of the Exchange.

6. FINANCIAL INSTRUMENTS

The Corporation, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation believes it has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they come due. As at March 31, 2023, the Corporation has cash of $331,040 to satisfy obligations of $715 as they come due, as such, is not exposed to significant liquidity risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

   The Corporation has cash balances and no interest-bearing debt.

ii. Foreign currency risk

   The Corporation does not have assets or liabilities in foreign currency.

iii. Commodity risk

   The Corporation is not exposed to commodity price risk.

7. RELATED PARTY TRANSACTIONS

Key management personnel consist of officers and directors of the Corporation. No compensation was paid to key management personnel during the current period.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

8. CAPITAL MANAGEMENT

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at period-end apart from the requirements of the Exchange.