# LI-FT POWER LTD.

Condensed Interim Financial Statements

For the three and six months ended May 31, 2022 and 2021

(Expressed in Canadian dollar)

## LI-FT POWER LTD.

Condensed Interim Statement of Financial Position
For the six months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)

| | May 31, 2022 | November, 30 2021 (audited) |
|---|---|---|
| | **$** | **$** |
| Assets | | |
| Current | | |
| Cash | 1,738,530 | 1,156,419 |
| Total current asset | 1,738,530 | 1,156,419 |
| Exploration and evaluation properties (Note 5) | 4,917,357 | 1,232,400 |
| Total Assets | **6,655,887** | **2,388,819** |
| Liabilities and shareholders' equity | | |
| Current | | |
| Accounts payable and accrued liabilities | 21,138 | 32,673 |
| Shareholders' equity | | |
| Share capital (Note 6) | 6,823,323 | 2,422,132 |
| Contributed surplus | 11,316 | 11,316 |
| Deficit | (199,890) | (77,302) |
| Total Equity | (6,634,749) | 2,356,146 |
| Total liabilities and shareholders' equity | **6,655,887** | **2,388,819** |

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the board of directors on July 13, 2022 by:

*/s/* Julie Hajduk

Julie Hajduk, Director

*/s/* Heidi Gutte

Heidi Gutte, Director

**LI-FT POWER LTD.**
Condensed Interim Statement of Net and Comprehensive Loss
For the three months and six months ended May 31, 2022 and 2021

| | **Six months ended, May 31, 2022** | **May 31, 2021** | **Three months ended May 31, 2022** | **May 31, 2021** |
|---|---|---|---|---|
| | **$** | **$** | | **$** |
| Expenses | | | | |
| Consulting expenses | 48,000 | - | 22,500 | - |
| Filing Fees | 5,000 | - | - | - |
| Office and miscellaneous | 8,053 | - | 5,133 | - |
| Professional fees | 59,098 | - | 35,975 | - |
| Travel | 5,495 | - | 5,495 | - |
| Loss before other income | **(125,646)** | **-** | **(69,103)** | **-** |
| Other income | - | - | - | - |
| Interest income | 3,058 | - | 2,943 | - |
| Net and comprehensive loss | **(122,588)** | **-** | **(66,160)** | **-** |
| Net loss per share, basic and diluted | (0.00) | - | (0.00) | - |
| Weighted average shares outstanding, basic and diluted | 16,582,457 | - | 16,952,692 | - |

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

## LI-FT POWER LTD.

Condensed Interim Statement of Changes in Shareholders' Equity
For the six months ended May 31, 2022 and 2021

| | Number of common shares | Common shares | Contributed surplus | Deficit | Total |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Balance, May 28, 2021 (incorporation)** | 1 | 1 | - | - | 1 |
| Net loss for the period | - | - | - | - | - |
| **Balance, May 31, 2021** | **1** | **1** | **-** | **-** | **1** |
| Share cancelled | (1) | (1) | - | - | (1) |
| Shares issued for private placements | 14,165,000 | 2,349,500 | - | - | 2,349,500 |
| Shares issued for exercise of options | 1,000,000 | 72,632 | (22,632) | - | 50,000 |
| Share-based compensation | - | - | 33,948 | - | 33,948 |
| Net loss for the period | - | - | - | (77,302) | (77,302) |
| **Balance, November 30, 2021 (audited)** | **15,165,000** | **2,422,132** | **11,316** | **(77,302)** | **2,356,146** |
| Shares issued for private placements | 619,750 | 897,365 | - | - | 897,365 |
| Property Issuance | 1,751,913 | 3,503,826 | - | - | 3,503,826 |
| Net loss for the period | - | - | - | (122,588) | (122,588) |
| **Balance, May 31, 2022 (unaudited)** | **17,536,663** | **6,823,323** | **11,316** | **(199,890)** | **6,634,749** |

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

**LI-FT POWER LTD.**
Condensed Interim Statement of Cash Flows
For the six months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)

| | **Six months ended May 31 2022** | **Six months ended May 31 2021** |
|---|---|---|
| | $ | $ |
| Operating activities | | |
| Net loss for the period | (122,588) | - |
| Change in non-cash working capital: | | |
| Accounts payable and accrued liabilities | (11,535) | - |
| Net cash used in operating activities | **(134,123)** | **-** |
| Investing activities | | |
| Exploration and evaluation expenditures | (181,131) | - |
| Net cash used in investing activities | **(181,131)** | **-** |
| Financing activities | | |
| Proceeds from shares issued | 897,365 | - |
| Net cash provided by financing activities | **897,365** | **-** |
| Change in cash | **582,111** | **-** |
| Cash, beginning of period | **1,156,419** | **-** |
| Cash, end of period | **1,738,530** | **-** |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Li-FT Power Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 28, 2021. The Company is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties.

The registered and head office of the Company is located at 2080 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

On June 24, 2022, The common shares of the Company was approved for listing on the Canadian Securities Exchange. (Note 11).

### Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at May 31, 2022, the Company had cash of $1,738,530 (November 30, 2021 - $1,156,416), total liabilities of $21,138 (November 30, 2021 - 32,673), and accumulated losses of $199,890 (November 30, 2021 – 77,302) since inception.

The Company is a mineral exploration company focusing on the acquisition and development of mineral property interests. The Company's continuation as a going concern and the underlying value and recoverability of the carrying amounts for exploration and evaluation assets are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to raise equity capital or borrowings sufficient to meet current and future obligations and to complete the exploration and development of mineral property interests, and achievement of future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

## 2. BASIS OF PRESENTATION

### Basis of presentation

These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, except where otherwise indicated, and all values are rounded to the nearest dollar.

### Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all necessary information that are required for the annual financial statements and therefore must read in conjunction with the annual financial statements for the period from the date of incorporation on May 28, 2021 to November 30, 2021.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Exploration and evaluation properties

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs, provided that the Company has the intention of exercising the underlying option, and may consist of cash payments and/or share issuances at the market price of the Company's shares at the date of issuance.

Property option agreements are exercisable at the option of the optionee. Therefore, option payments are recorded when payment is made and not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset and amortized over the life of the mine.

### Impairment of long-lived assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the year when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's 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 depreciation, if no impairment loss had been recognized.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments

At initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

*Financial Assets at Amortized Cost*

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and 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 principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

*Financial Assets at FVTOCI*

The financial asset is subsequently measured at FVTOCI if the financial asset is held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value with gains or losses recognized within other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Transaction costs are included in the initial carrying amount of the asset.

*Financial Assets at FVTPL*

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash is included in this category of financial assets.

*Derivatives designed as hedging instruments in an effective hedge*

The Company does not hold or have any exposure to derivative instruments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

### Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities). Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

*Financial liabilities measured at amortized cost*

Financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Accounts payable are included in this category of financial liabilities.

*Financial liabilities at FVTPL*

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designed as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

### De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

### Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. 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 where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### Share capital

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

### Share-based compensation

The Company's Stock Option Plan (the "Option Plan") provides the Company's employees and consultants with the right to elect to receive common shares in exchange for options surrendered. The Company records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the statement of loss and comprehensive loss as share-based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Company's shares, the expected lives of the awards of share-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

### Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

### Exploration and evaluation expenditures (continued)

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

### Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the year that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

### Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at May 31, 2022. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulators and negotiations with regulatory authorities.

(Expressed in Canadian dollars)

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

### Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future years.

## 5. EXPLORATION AND EVALUATION

Exploration and evaluation properties includes the following amounts as at May 31, 2022 (unaudited) and November 30, 2021.

| | James Bay Project | Rupert Project | Ravenclan Project | Whabouchi Property | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **ACQUISITION COSTS** | | | | | |
| Cash | 20,000 | 200,000 | - | - | 220,000 |
| Share issuance | - | 1,012,400 | - | - | 1,012,400 |
| **Balance, November 30, 2021** | **20,000** | **1,212,400** | **-** | **-** | **1,232,400** |
| **ACQUISITION COSTS** | | | | | |
| Cash | - | 150,000 | 10,000 | 15,000 | 185,000 |
| Share issuance | - | 3,503,826 | - | - | 3,503,826 |
| **EXPLORATION COSTS** | | | | | |
| Staking | - | 1,131 | - | - | 1,131 |
| Field expenses | - | 5,000 | - | - | 5,000 |
| **Balance, May 31, 2022** | **20,000** | **4,872,357** | **10,000** | **15,000** | **4,917,357** |

## 5. EXPLORATION AND EVALUATION (continued)

### James Bay Project

On August 11, 2021, the Company entered into a property option agreement to acquire a 100% undivided interest in and to certain mineral claims (the "James Bay Property"), subject to 2% net smelter returns royalty (the "Royalty").

The option may be exercised by the Company by making cash payments to the optionors in an aggregate amount of $100,000, as follows:

A. $20,000, upon the execution and delivery of the agreement by all parties (paid);
B. An additional $25,000, on or before the first anniversary of the agreement;
C. An additional $25,000, on or before the second anniversary of the agreement;
D. An additional $30,000, on or before the third anniversary of the agreement; and

### Rupert Project

On June 11, 2021, the Company entered into a definitive option agreement with Kenorland Minerals Ltd. ("Kenorland") pursuant to which the Company will be granted the option to acquire up to a 100% interest in and to certain mineral claims (the "Rupert Property").

In order to exercise the option, the Company agrees to pay $200,000 in cash (paid) and issue to Kenorland 9.9% of the Company's issued and outstanding shares upon closing (issued) and such number of additional common shares to maintain Kenorland's pro rata interest in the Company at 9.9% prior to the listing of the Company's common shares on a recognized stock exchange.

Upon the exercise of the option, the Company will grant to Kenorland a 2% net smelter royalty in respect of the Rupert Property.

The Company will be responsible for all operations conducted at the Rupert Property and shall have the exclusive right to manage and operate all programs. On closing, the Company entered into an operator agreement with Kenorland pursuant to which the Company will engage Kenorland as operator of the Rupert Property for an initial term of two years. The Company will pay an operator's fee to Kenorland equal to 10% of all exploration costs.

On February 2, 2022, the Company issued 1,751,913 common shares valued at a price of $2.00 per share to Kenorland pursuant to the option agreement related to the Rupert Property for total proceeds of $3,503,826

### Ravenclan Project

On January 13, 2022, the Company entered into a mineral property purchase agreement with Marino Specogna and Ravenclan Ltd. to acquire eight mineral claims located in James Bay, Quebec (the "Ravenclan Claims").

In consideration for the sale, transfer, assignment and conveyance of the Property and the Property Rights. the Company paid an aggregate of $10,000 in cash (paid).

## 5. EXPLORATION AND EVALUATION (continued)

### Whabouchi Project

On April 12, 2022, the Company entered into a mineral property purchase agreement with 9228-6202 Quebec Inc. to acquire a mineral claim located in James Bay, Quebec (the "Whabouchi").

In consideration for the sale, transfer, assignment and conveyance of the Property and the Property Rights. the Company paid an aggregate of $15,000 in cash (paid).

## 6. SHARE CAPITAL

### Authorized Share Capital

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As of May 31, 2022, the Company had 17,536,663 common shares issued and outstanding.

### Share Issuances

a) Private Placements

On July 29, 2021, the Company completed a private placement and issued 1,900,000 common shares of the Company at a price of $0.05 per share for total proceeds of $95,000.

On July 29, 2021, the Company completed a private placement and issued 100,000 common shares of the Company at a price of $0.10 per share for total proceeds of $10,000

On August 3, 2021, the Company completed a private placement and issued 1,350,000 common shares of the Company at a price of $0.10 per share for total proceeds of $135,000.

On September 14, 2021, the Company completed a private placement and issued 5,675,000 common shares of the Company at a price of $0.10 per share for total proceeds of $567,500.

On September 21, 2021, the Company completed a private placement and issued 5,140,000 common shares of the Company at a price of $0.30 per share for total proceeds of $1,542,000.

On December 20, 2021, the Company completed a private placement and issued 200,000 common shares of the Company at a price of $0.30 per share for total proceeds of $60,000.

On December 23, 2021, the Company completed a private placement and issued 21,000 common shares of the Company at a price of $2.00 per share for total proceeds of $42,000

On December 24, 2021, the Company completed a private placement and issued 101,750 common shares of the Company at a price of $2.00 per share for total proceeds of $203,500.

On January 14, 2022, the Company completed a private placement and issued 297,000 common shares of the Company at a price of $2.00 per share for total proceeds of $594,000.

(Expressed in Canadian dollars)

## 6. SHARE CAPITAL (continued)

### Share Issuances (continued)

b) Exercise of Options

During the period ended November 30, 2021, the Company issued 1,000,000 common shares of the Company upon exercise of stock options at $0.05 per share for total proceeds of $50,000.

c) Share issuance for mineral properties

On February 2, 2022, the Company issued 1,751,913 common shares valued at a price of $2.00 per share to Kenorland pursuant to the option agreement related to the Rupert Property for total proceeds of $3,503,826 (Note 5).

### Stock options

On July 30, 2021, the Company granted 1,500,000 stock options to certain consultants and a director of the Company. The stock options have an exercise price of $0.05 per common share and are exercisable for one year until July 30, 2022. The stock options vested immediately.

The fair value of the stock options was estimated to be $33,948 calculated using the Black-Scholes Option Pricing Model using the following assumptions:

| | **Period ended November 30, 2021** |
|---|---|
| Risk-Free Annual Interest | 0.42% |
| Expected Volatility | 120% |
| Expected Life of Option | 1 year |
| Expected Annual Dividend | 0% |

The following is a summary of the changes in the Company's stock option activities for the three months ended May 31, 2022 (unaudited) and for the period ended November 30, 2021:

| | **May 31, 2022** | | **November 30, 2021** | |
|---|---|---|---|---|
| | **Number of options** | **Number of options** | **Number of options exercisable** | **Number of options exercisable** |
| Outstanding, beginning | 500,000 | 500,000 | - | - |
| Granted | - | - | 1,500,000 | 1,500,000 |
| Exercised | - | - | (1,000,000) | (1,000,000) |
| **Outstanding, ending** | **500,000** | **500,000** | **500,000** | **500,000** |

(Expressed in Canadian dollars)

## 6. SHARE CAPITAL (continued)

### Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as May 31, 2022 (unaudited):

| Expiry date | Number of options outstanding | Number of options exercisable | Weighted-average remaining contractual life (years) | Weighted-average exercise price |
|---|---|---|---|---|
| **Options** | | | | $ |
| July 30, 2022 | 500,000 | 500,000 | 0.16 | 0.05 |
| **Total** | **500,000** | **500,000** | **0.16** | **0.05** |

## 7. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the six months ended May 31, 2022, the Company issued shares and paid cash for the Rupert Property to the company with an officer in common (Note 5).

During the six months ended May 31, 2022 (2021 – Nil), there was no compensation to directors and officers of the company.

## 8. FINANCIAL INSTRUMENTS

### Categories of financial instruments

| | Six months ended May 31, 2022 (unaudited) | Period from the date of incorporation on May 28, 2021 to November 30 2021 (audited) |
|---|---|---|
| | | **$** |
| **FINANCIAL ASSETS** | | |
| **FVTPL, at fair value** | | |
| Cash | 1,738,530 | 1,156,419 |
| **Total financial assets** | **1,738,530** | **1,156,419** |
| **Other liabilities, at amortized cost** | | |
| Accounts payable | 21,138 | 32,673 |
| **Total financial liabilities** | **21,138** | **32,673** |

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk
- Currency Risk

## 8. FINANCIAL INSTRUMENTS (continued)

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them during the period unless otherwise stated in the note.

### General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and equity price risk.

### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. This risk is considered minimal.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with major financial institutions.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash to settle its liabilities. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at May 31, 2022, the Company had cash of $1,738,530 (November 30, 2021 - $1,156,419) to settle current liabilities of $21,138 (November 30, 2021 - $32,673). As such, liquidity risk is considered minimal. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

## 8. FINANCIAL INSTRUMENTS (continued)

### Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. During the period ended May 31, 2022, the Company has not had foreign currency transactions, and therefore was not exposed to currency risk.

### Determination of Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities
Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
Level 3 – Inputs that are not based on observable market data.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, amount receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

## 9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain an appropriate capital base in order to:

1. Advance the Company's corporate strategies to create long-term value for its stakeholders;
2. Sustain the Company's operations and growth throughout metals and materials cycles; and
3. Ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at May 31, 2022 was $1,738,530.

The Company does not currently have significant debt outstanding and there are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes to capital management during the six months ended May 31, 2022.

## 10. SEGMENTED INFORMATION

The Company's only business activity is exploration and development of exploration and evaluation properties carried out in Canada.

## 11. SUBSEQUENT EVENT

On June 24, 2022, the common shares of the Company was approved for listing on the Canadian Securities Exchange, with 17,536,663 shares outstanding and 500,000 shares reserved for issuance.