NATION GOLD

NATION GOLD CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

APRIL 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Nation Gold Corp.

Opinion

We have audited the financial statements of Nation Gold Corp. (the "Company") which comprise the statements of financial position as at April 30, 2022 and 2021, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
August 23, 2022

NATION GOLD CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT APRIL 30, 2022 AND 2021
(Expressed in Canadian dollars)

	Note	2022	2021
		$	$
ASSETS			
CURRENT			
Cash		980,627	436,149
Amounts receivable		22,543	6,119
Prepaid expenses		-	3,892
		1,003,170	446,160
EXPLORATION AND EVALUATION ASSET	4	136,225	136,225
		1,139,395	582,385
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		3,675	286,547
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	5	1,718,386	670,886
SUBSCRIPTION RECEIVABLE	5	-	(3,750)
CONTRIBUTED SURPLUS	5	127,256	74,756
DEFICIT		(709,922)	(446,054)
		1,135,720	295,838
		1,139,395	582,385

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on August 23, 2022

"Mark Bailey " Director *"Carson Sedun"* Director

The accompanying notes are an integral part of these financial statements

NATION GOLD CORP.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED APRIL 30, 2022 AND 2021
(Expressed in Canadian dollars)

	Note	**2022**	**2021**
		$	$
EXPENSES			
Consulting fees	6	-	147,500
Office		17,981	7,779
Professional fees		173,087	56,143
Rent		34,500	6,000
Transfer agent and filing fees		38,300	-
Travel		-	1,593
NET LOSS AND COMPREHENSIVE LOSS		(263,868)	(219,015)
LOSS PER SHARE – Basic and diluted		(0.02)	(0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		13,001,153	3,191,588

The accompanying notes are an integral part of these financial statements

NATION GOLD CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED APRIL 30, 2022 AND 2021
(Expressed in Canadian dollars)

	Common Shares					
	Number of Shares	**Amount**	**Subscription Receivable**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$	$
Balance, April 30, 2020	2,113,848	238,610	-	74,756	(227,039)	86,327
Shares issued through private placements	9,216,072	435,705	(3,750)	-	-	431,955
Share issuance costs	-	(3,429)	-	-	-	(3,429)
Net loss	-	-	-	-	(219,015)	(219,015)
Balance, April 30, 2021	11,329,920	670,886	(3,750)	74,756	(446,054)	295,838
Initial public offering, net proceeds	5,000,000	1,100,000	-	-	-	1,100,000
Fair value of agent warrants	-	(52,500)	-	52,500	-	-
Subscription receivable	-	-	3,750	-	-	3,750
Net loss	-	-	-	-	(263,868)	(263,868)
Balance, April 30, 2022	16,329,920	1,718,386	-	127,256	(709,922)	1,135,720

The accompanying notes are an integral part of these financial statements

NATION GOLD CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2022 AND 2021
(Expressed in Canadian dollars)

	2022	**2021**
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	(263,868)	(219,015)
Changes in non-cash working capital balances:		
Amounts receivable	(16,424)	(4,850)
Prepaid expenses	3,892	20,000
Accounts payable and accrued liabilities	(282,872)	225,616
Cash provided by (used in) operating activities	(559,272)	21,751
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	-	(15,626)
Cash used in investing activities	-	(15,626)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	1,100,000	428,526
Proceeds from subscription receivable	3,750	-
Cash provided by financing activities	1,103,750	428,526
CHANGE IN CASH	544,478	434,651
CASH, BEGINNING	436,149	1,498
CASH, END	980,627	436,149
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Nation Gold Corp. ("the Company") was incorporated on May 19, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 750-1095 West Pender Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at April 30, 2022, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended April 30, 2022, the Company filed its final prospectus with the Canadian Securities Exchange (the "CSE"). On December 30, 2021, the Company completed its initial public offering ("IPO") of 5,000,000 common shares of the Company at a price of $0.25 per common share for gross proceeds of $1,250,000. As consideration for the services provided by the agent to the Company (the "Agent"), the Agent received a cash commission of $100,000, a corporate finance fee of $30,000 and received $20,000 for reimbursed legal and related costs. Additionally, the agent and their selling group received a total of 400,000 common share purchase warrants (the "Agent Warrants"). Each Agent warrant entitles the warrant holder to purchase one common share at a price of $0.25 until December 29, 2023. The Company commenced trading on the CSE on January 4, 2022 under the symbol 'NATN'.

The Company had a deficit of $709,922 as at April 30, 2022 (2021: $446,054), which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on August 23, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of April 30, 2022 and 2021, the Company held no cash equivalents.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income (“FVOCI”); and

iii. Fair value through profit and loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of operations and comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

l) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

m) Critical accounting estimates and judgements

The Company makes estimates and assumptions 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. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and 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 are discussed below:

<u>Judgements</u>

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 2.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recognition of deferred income tax assets and liabilities

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, April 30, 2019	10,000	85,599	95,599
Additions	25,000	-	25,000
Balance, April 30, 2020	35,000	85,599	120,599
Additions	-	15,626	15,626
Balance, April 30, 2021	35,000	101,225	136,225
No activity	-	-	-
Balance, April 30, 2022	35,000	101,225	136,225

4. EXPLORATION AND EVALUATION ASSET (continued)

Cattle Creek Property

Pursuant to an agreement (the “Agreement”) dated June 13, 2017 and amended on June 13, 2019, the Company acquired a 100% undivided interest in the Cattle Creek Property (the “Property”) located in the Vernon Mining British Columbia. In accordance with the Agreement, the Company acquired a 100% undivided interest in the Property by making a cash payment of $25,000.

5. SHARE CAPITAL

a) *Authorized*

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares

As at April 30, 2022, the Company had 1,575,000 (2021: Nil) common shares held in escrow.

c) Issued and Outstanding

As at April 30, 2022 there were 16,329,920 (2021: 11,329,920) common shares issued and outstanding.

During the years ended April 30, 2022 and 2021, the Company had the following share capital transactions:

(i) On December 30, 2021, the Company completed its IPO of 5,000,000 common shares of the Company at a price of $0.25 per common share for gross proceeds of $1,250,000. As consideration for the services provided by the agent to the Company (the “Agent”), the Agent received a cash commission of $100,000, a corporate finance fee of $30,000 and received $20,000 for reimbursed legal and related costs.

(ii) On April 19, 2021, the Company completed a non-brokered private placement issuing 5,566,072 common shares at a purchase price of $0.075 per common share for gross proceeds of $417,455. As at April 30, 2021, the Company had $3,750 in subscriptions receivable. Pursuant to the private placement, the Company paid $3,429 in share issuance costs.

(iii) On January 29, 2021, the Company completed a non-brokered private placement issuing 3,650,000 common shares at a purchase price of $0.005 per common share for gross proceeds of $18,250.

(iv) On July 23, 2020, the board of directors authorized a 7-for-1 share consolidation. All share and per share information in these financial statements has been retrospectively adjusted to reflect the impact of the share consolidation.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

d) Warrants

On December 30, 2021, the Company completed its IPO and the Company's agent, including the agent's selling group, received a total of 400,000 common share purchase warrants (the "Agent Warrants"). Each Agent warrant entitles the warrant holder to purchase one common share at a price of $0.25 until December 29, 2023. The fair value of the agent warrants was $52,500 and recorded as share issuance costs. The fair value of $52,500 was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	1%
Expected life	2 years
Expected volatility	100%
Expected dividends	0%

The changes in warrants during the years ended April 30, 2022 and 2021 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2020 and 2021	**-**	**-**
Granted	400,000	0.25
Expired	-	-
Cancelled	-	-
Balance, April 30, 2022	**400,000**	**0.25**

e) Options

On July 12, 2018, the Company adopted a Stock Option Plan ('Plan') for directors, officers, employees and consultants of the Company. The Company may grant options to individuals, options are exercisable over periods of up to ten years, as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

e) Options (continued)

The changes in options during the years ended April 30, 2022 and 2021 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2019 and 2020	**207,143**	**1.05**
Granted	-	-
Expired	-	-
Cancelled	(207,143)	(1.05)
Balance, April 30, 2021	**-**	**-**
No activity	**-**	**-**
Balance, April 30, 2022	**-**	**-**

On July 24, 2020, the Company cancelled a total of 207,143 stock options that were granted to the Company's directors and key management personnel.

During the years ended April 30, 2022 and 2021, the Company did not issue any options.

6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as its key management personnel. During the year ended April 30, 2022, the Company paid consulting fees of $Nil (2021 - $140,000) to key management personnel for services provided during the year. As at April 30, 2022, an amount of $Nil (2021 - $146,746) included in accounts payable was due to current and former officers or to companies under their control.

7. INCOME TAXES

The Company has losses carried forward of approximately $640,538 available to reduce income taxes in future years which expire in 2042.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

(Expressed in Canadian dollars)

7. INCOME TAXES (continued)

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2022	2021
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	(71,245)	(59,134)
Effect of income taxes of:		
Permanent differences and other	(5,400)	(926)
Income tax rate change	-	-
Change in deferred tax assets not recognized	76,645	60,060
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2022	2021
	$	$
Non-capital loss carry forwards	172,945	100,436
Share issuance cost	4,875	740
Deferred tax assets not recognized	(177,820)	(101,176)
	-	-

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Values

The Company's financial instruments consist of cash and accounts payable. The fair values of cash and cash equivalents and accounts payable approximate their carrying values because of their current nature.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Values

The following table summarizes the carrying values of the Company's financial instruments as at April 30, 2022 and 2021:

	2022		2021	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
FVTPL (i)	$ 980,627	$ 980,627	$ 436,149	$ 436,149
Amortized cost (ii)	$ 3,675	$ 3,675	$ 286,547	$ 286,547

(i) Cash
(ii) Accounts payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

The following table sets forth the Company's financial assets measured at fair value as at April 30, 2022 by level within the fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 980,627	$ -	$ -	$ 980,627

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of April 30, 2022 and 2021 equal $3,675 and $286,547 respectively. All the liabilities presented as accounts payable are due on demand.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at April 30, 2022 and 2021, the Company is not exposed to significant market risk.