YORKTON VENTURES INC.

Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yorkton Ventures Inc.

Opinion

We have audited the consolidated financial statements of Yorkton Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues and has negative cash flow from operations during the year ended June 30, 2021 and, as at that date, the Company has an accumulated deficit of $1,179,442. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

October 28, 2021

YORKTON VENTURES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2021 $	June 30, 2020 $
Assets		
Current assets		
Cash	345,533	691,446
GST receivable	925	10,576
Accrued interest receivable	–	30,171
Loans receivable (Note 3)	–	150,000
Prepaid expenses	3,385	3,579
Total current assets	349,843	885,772
Non-current assets		
Exploration and evaluation assets (Note 4)	700,000	–
Total assets	1,049,843	885,772
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	5,545	16,403
Total liabilities	5,545	16,403
Shareholders' equity		
Share capital (Note 6)	1,920,241	1,524,566
Share-based payment reserve	303,499	303,099
Deficit	(1,179,442)	(958,296)
Total shareholders' equity	1,044,298	869,369
Total liabilities and shareholders' equity	1,049,843	885,772

Going concern (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance by the Board of Directors on October 28, 2021:

/s/ Nicholas Watters
Nicholas Watters, Director

/s/ Andrew Smith
Andrew Smith, Director

YORKTON VENTURES INC.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended June 30, 2021 $	Year ended June 30, 2020 $
Expenses		
General and administrative	13,437	14,088
Management and consulting fees (Note 5)	210,000	3,000
Professional fees	8,625	24,433
Property investigation costs	–	176,815
Total expenses	232,062	218,336
Loss before other income	(232,062)	(218,336)
Other income		
Interest income	10,916	18,441
Net loss and comprehensive loss for the year	(221,146)	(199,895)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average shares outstanding	19,611,781	12,000,000

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

YORKTON VENTURES INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Number	Amount $	$	$	$
Balance, June 30, 2019	12,000,000	1,524,566	303,099	(758,401)	1,069,264
Net loss for the year	–	–	–	(199,895)	(199,895)
Balance, June 30, 2020	12,000,000	1,524,566	303,099	(958,296)	869,369
Shares issued pursuant to private placement	8,100,000	405,000	–	–	405,000
Share issuance costs	–	(9,325)	400	–	(8,925)
Net loss for the year	–	–	–	(221,146)	(221,146)
Balance, June 30, 2021	20,100,000	1,920,241	303,499	(1,179,442)	1,044,298

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

YORKTON VENTURES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended June 30, 2021 $	Year ended June 30, 2020 $
Operating activities:		
Net loss for the year	(221,146)	(199,895)
Changes in non-cash operating working capital:		
GST receivable	9,651	(8,220)
Accrued interest receivable	30,171	1,284
Prepaid expenses	194	(979)
Accounts payable and accrued liabilities	(10,858)	(6,908)
Net cash used in operating activities	(191,988)	(214,718)
Investing activities		
Proceeds from loans receivable	150,000	–
Exploration and evaluation assets	(700,000)	–
Net cash used in investing activities	(550,000)	–
Financing activities		
Proceeds from share issued	405,000	–
Share issuance costs	(8,925)	–
Net cash provided by financing activities	396,075	–
Change in cash	(345,913)	(214,718)
Cash, beginning of year	691,446	906,164
Cash, end of year	345,533	691,446
Non-cash investing and financing activities		
Fair value of finder's warrants issued for share issuance costs	400	–

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

1. Nature of Operations and Continuance of Business

Yorkton Ventures Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on August 30, 2006 as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company has historically been engaged in the acquisition, exploration, and development of prospective oil and gas properties. The Company intends to work to identify and evaluate other properties and exploration programs and/or other business models and opportunities. The Company’s head office is located at Suite 888, 1027 Davie Street, Vancouver, BC V6E 4L2.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (“COVID-19”) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID19 on the Company’s business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows. The Company continues to operate its business, and in response to Federal and Provincial emergency measures, has requested its employees and consultants work remotely wherever possible.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended June 30, 2021, the Company has not generated any revenues from operations and has negative cash flow from operations. As at June 30, 2021, the Company has an accumulated deficit of $1,179,442. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s functional currency.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 9412-1068 Quebec Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. **Significant Accounting Policies** (continued)

(c) Use of Estimates and Judgments (continued)

Significant areas requiring the use of estimates include the collectability of loans receivable and accrued interest receivable, impairment of exploration and evaluation assets, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the recoverability of exploration and evaluation assets and going concern assumption.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The application of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

2. Significant Accounting Policies (continued)

(e) Restoration, Rehabilitation, and Environmental Obligations

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 arise 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 and risks specific to the liability are used to calculate the net present value. These costs are charged to the statement of operations over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the statement of operations.

(f) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss (“FVTPL”) or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accrued interest receivable	Amortized cost
Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Financial Assets (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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 Company are recognized as the proceeds received, net of direct issue costs.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Financial Liabilities and Equity Instruments (continued)

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(h) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

2. Significant Accounting Policies (continued)

(j) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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

(k) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the year and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the year. When a loss is incurred during the year, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at June 30, 2021, the Company had 8,420,000 (2020 – nil) potentially dilutive shares outstanding.

(l) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(m) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Loans Receivable

(a) On June 27, 2016, the Company entered into a promissory note receivable agreement for $75,000 with an unrelated company. The loan receivable bears interest at 6% per annum, is secured by marketable securities held by the borrower, and due on demand. During the year ended June 30, 2021, the Company received full repayment of the loan plus accrued interest totaling $6,175.

(b) On February 8, 2017, the Company entered into a promissory note receivable agreement for $75,000 with an unrelated public company. The loan receivable bears interest at 10% per annum, is unsecured, and due on demand. During the year ended June 30, 2021, the Company received full repayment of the loan plus accrued interest totaling $32,830.

(Expressed in Canadian dollars)

4. Exploration and Evaluation Assets

Bellechasse-Timmins Property, Ontario

On July 3, 2020 (as amended on January 27, 2021 and September 24, 2021), the Company entered into an agreement with Delta Resources Limited ("Delta") to acquire a 100% interest in the Bellechasse-Timmins mineral property (the "Property") located in Quebec, Canada.

To acquire the 100% interest, the Company is to pay a total of $1,700,000 as follows:

- $100,000 within ten days of signing the agreement (paid);
- $250,000 on or before October 15, 2020 (paid);
- $350,000 on or before February 2, 2021 (paid);
- $200,000 on or before August 1, 2021 (paid subsequently);
- $400,000 on or before September 24, 2021 (paid subsequently); and
- $400,000 on or before March 1, 2022.

In addition, Delta retains a 1% net smelter return ("NSR") royalty. The Company can purchase half of the NSR in exchange for $1,000,000.

5. Related Party Transactions

During the year ended June 30, 2021, the Company incurred management fees of $nil (2020 - $3,000) to a company controlled by the former President of the Company.

6. Share Capital

Authorized: Unlimited number of common shares without par value

On July 23, 2020, the Company issued 8,100,000 units at $0.05 per unit for proceeds of $405,000. Each unit was comprised of one common share and one share purchase warrant exercisable at $0.075 per common share in the first year, $0.10 per common share in the second year, and $0.12 per common share in the third year. In connection with the private placement, the Company paid finders' fees of $6,400 and issued 320,000 finders' warrants with a fair value of $400. The finder's warrants are exercisable at a price of $0.35 per common share in the first six months following closing and $0.50 in the subsequent six months. The fair value of the finder's warrants was calculated using the Black-Scholes option pricing model with the following assumptions: volatility of 88%, expected life of one year, risk-free rate of 0.33%, and no expected dividends.

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, June 30, 2019 and 2020	–	–
Issued	8,420,000	0.09
Balance, June 30, 2021	8,420,000	0.09

(Expressed in Canadian dollars)

7. Share Purchase Warrants (continued)

As at June 30, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
320,000	0.50	July 23, 2021
8,100,000	0.075***	July 23, 2023
8,420,000		

***the exercise price increases to $0.10 in year two and $0.12 in year three

8. Stock Options

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors. As at June 30, 2021 and 2020, the Company had no outstanding stock options.

9. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accrued interest receivable, loans receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accrued interest receivable, and loans receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company obtains collateral on loans receivable. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(Expressed in Canadian dollars)

9. Financial Instruments and Risk Management (continued)

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Given the nature of the Company's financial assets, it believes that liquidity risk is relatively low.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2020.

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021 $	2020 $
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(59,709)	(53,972)
Tax effect of:		
Change in unrecognized deferred income tax assets	59,709	53,972
Income tax provision	–	–

(Expressed in Canadian dollars)

11. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2021 $	2020 $
Deferred income tax assets		
Non-capital losses carried forward	238,527	175,277
Resource pools	31,867	35,408
Total gross deferred income tax assets	270,394	210,685
Unrecognized deferred income tax assets	(270,394)	(210,685)
Net deferred income tax asset	–	–

As at June 30, 2021, the Company has non-capital losses carried forward of $883,434, which is available to offset future years' taxable income. These losses expire as follows:

	$
2036	18,947
2037	173,743
2038	156,284
2039	85,734
2040	214,466
2041	234,260
	883,434

The Company also has available resource related expenditure pools totaling $818,028, which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Events

(a) On July 12, 2021, the Company entered into an option agreement ("Parkview Agreement") wherein it can acquire a 100% interest in certain mineral claims (the "Parkview Claims") located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Cash payment of $50,000 and the issuance of 400,000 common shares on TSX-V approval;
- Cash payment of $50,000 and issuance of 300,000 common shares on or before 14 months following TSX-V approval;
- Cash payment of $50,000 and issuance of 400,000 common shares on or before the second-anniversary of TSX-V approval; and
- Cash payment of $50,000 and issuance of 600,000 common shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which half can be repurchased for $1,000,000. Furthermore, the Company will commence advance royalty payments of $25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

12. Subsequent Events (continued)

(b) On July 12, 2021, the Company entered into an option agreement ("Knights Melange Agreement") wherein it can acquire a 100% interest in certain mineral claims (the "Knights Melange Claims") located in Newfoundland, Canada. To acquire the 100% interest, the Company is to make the following cash and share payments:

- Cash payment of $70,000 and the issuance of 600,000 common shares on TSX-V approval;
- Cash payment of $50,000 and issuance of 400,000 common shares on or before 14 months following TSX-V approval;
- Cash payment of $50,000 and issuance of 400,000 common shares on or before the second-anniversary of TSX-V approval; and
- Cash payment of $50,000 and issuance of 400,000 common shares on or before third-year anniversary of TSX-V approval.

Upon acquiring a 100% interest, the Company will grant the vendors a 2% NSR royalty, of which half can be repurchased for $1,000,000. Furthermore, the Company will commence advance royalty payments of $25,000 beginning after July 12, 2026 until the earlier of the date that the Company begins commercial production or makes a buyout payment to the vendor.

(c) On September 8, 2021, the Company entered into an agreement with a consultant who will assist the Company with identifying potential mineral exploration targets. The Company is to pay $245,000 for services to be rendered over a period of one year.

(d) On September 23, 2021, the Company received loan payable proceeds of $230,000 which is non-interest bearing, unsecured, and due on demand.

(e) On October 12, 2021, the Company issued 1,700,000 common shares for proceeds of $170,000 pursuant to the exercise of share purchase warrants.

(f) On October 14, 2021, the Company issued 1,000,000 units at $0.35 per unit for proceeds of $350,000. Each unit was comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per common share expiring 18 months from the date of issuance.

(g) On October 14, 2021, the Company granted 1,200,000 stock options exercisable at $0.35 per common share expiring on October 14, 2023 to officers, directors, and consultants.

(h) Subsequent to June 30, 2021, the Company made payments totaling $600,000 pursuant to the Bellechasse-Timmins mineral property option agreement. Refer to Note 4.