Audited Financial Statements of

COSA RESOURCES CORP.

For the period from incorporation on November 16, 2020 to October 31, 2021

D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

Independent Auditor's Report

To the Shareholders of Cosa Resources Corp.

Opinion

We have audited the financial statements of Cosa Resources Corp. (the "Company"), which comprise the statement of financial position as at October 31, 2021, and the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation on November 16, 2020 to October 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2021, and its financial performance and its cash flows for the period from incorporation on November 16, 2020 to October 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 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 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.

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, 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.

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Auditor's 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 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.

D&H Group LLP

Vancouver, B.C.
February 25, 2022

Chartered Professional Accountants

COSA RESOURCES CORP
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at October 31

	Note		2021
ASSETS			
Current			
Cash		$	276,036
			276,036
Non-Current			
Exploration and evaluation asset	5		20,000
TOTAL ASSETS		$	296,036
LIABILITIES			
Current			
Accounts payable		$	15,000
TOTAL LIABILITIES			15,000
EQUITY			
Share capital	7		415,500
Accumulated deficit			(134,464)
TOTAL EQUITY			281,036
TOTAL LIABILITIES AND EQUITY		$	296,036

Nature of operations and going concern (Note 2)
Subsequent event (Note 11)

These financial statements were authorized for issue by the Board of Directors on February 23, 2022

"Wesley Short"	**"Janine Richardson"**
Director	**Director**

COSA RESOURCES CORP.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note		Period from incorporation on November 16, 2020 to October 31, 2021
Operating costs			
Exploration & evaluation expenses	5	**$**	**139,322**
Office and administrative			**242**
Professional and consultant fees			**29,900**
			(169,464)
Flow through income	7		35,000
Loss and comprehensive loss for the period		**$**	**(134,464)**
Loss per common share – basic and diluted		$	(0.01)
Weighted average number of common shares outstanding – basic and diluted			11,436,995

COSA RESOURCES CORP.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Accumulated deficit	Total
		$ -	$ -	$ -
Shares issued for cash (Note 7)	14,350,000	308,000	-	308,000
Flow through shares issued for cash (Note 7)	1,750,000	122,500	-	122,500
Premium on flow-through shares (Note 7)	-	(35,000)	-	(35,000)
Shares issued for option agreement (Note 5)	1,000,000	20,000	-	20,000
Loss for the period	-	-	(134,464)	(134,464)
Balance as at October 31, 2021	**17,100,000**	**$ 415,500**	**$ (134,464)**	**$ 281,036**

COSA RESOURCES CORP.
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
For the period from incorporation on November 16, 2020 to October 31, 2021

		2021
Cash flows from (used in) operating activities		
Loss for the period	$	(134,464)
Items not involving cash:		
Flow through income		(35,000)
Changes in non-cash working capital		
Accounts payable		15,000
	$	(154,464)
Cash flows from financing activities		
Shares issued for cash	$	430,500
	$	430,500
Change in cash	$	276,036
Cash, beginning of period		-
Cash, end of period	$	276,036

Supplemental disclosure with respect to cash flows		**2021**
Income taxes paid	$	-
Interest paid		-
Shares issued for mineral property option agreement		20,000

1. REPORTING ENTITY

Cosa Resources Corp. (the "**Company**" or "**Cosa**") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on November 16, 2020. The Company's head office is located at 1295 Richards Street, Suite 801, Vancouver, British Columbia, Canada V6B 1B7. The Company's registered office is located at 353 Water Street, Suite 401, Vancouver, British Columbia, Canada V6B 1B8.

2. NATURE OF OPERATIONS AND GOING CONCERN

The Company's principal business activities include the acquisition and exploration of mineral property assets. The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

In April 2021, the Company entered into an option agreement with private vendors pursuant to which the Company has the exclusive option to acquire a 100% interest in the Heron copper project in Northern Saskatchewan, Canada.

These financial statements have been prepared on a 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 for the foreseeable future. As at October 31, 2021, the Company has not yet achieved profitable operations. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which may differ materially from their carrying values. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate our business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations cannot be reasonably estimated at this time.

These financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain financing and achieve future profitable operations.

3. BASIS OF PRESENTATION

Statement of Compliance

These financial statements as at and for the period from incorporation on November 16, 2020 to October 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee.

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been

3. BASIS OF PRESENTATION (continued)

prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these financial statements are references to Canadian dollar amounts ("$"), unless otherwise noted. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

i. Impairment

At the end of each financial reporting period, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that an impairment loss or reversal of previous impairment should be recorded. Where such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. With respect to exploration and evaluation assets, the Company is required to make estimates and judgments about future events and circumstances and whether the carrying amount of exploration assets exceeds its recoverable amount. Recoverability depends on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or its ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Information about significant areas of judgment exercised by management in preparing these financial statements is as follows:

ii. 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 its business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company as set out below have been consistently followed in the preparation of these financial statements.

(a) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation of foreign currency transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rate prevailing at the date of the transaction or the date of valuation (when items are re-measured). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate of exchange in effect as at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into the reporting currency using the exchange rate as at the date of the initial transaction.

(b) Cash

Cash includes deposits held with banks and which are available on demand or have an initial term of 90 days or less.

(c) Exploration and Evaluation Assets

Costs incurred before the Company has acquired the right to explore a property are expensed as incurred. Exploration and evaluation asset acquisition costs, including option payments, are capitalized on an individual area of interest basis. Once a property is brought into production, the capitalized costs are amortized on a units-of-production basis, or until the property is abandoned, sold or management determines that asset is no longer economically viable, at which time the unrecovered deferred costs are expensed to operations. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in the loss for the year.

Exploration and evaluation costs are expensed to profit and loss as incurred.

Although the Company has taken steps to verify its title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for similarly advanced exploration properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

At each reporting date, management reviews properties for events and circumstances which may indicate possible impairment.

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

(d) Impairment – Non-Financial Assets

At each reporting date the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or a cash generating unit ("**CGU**"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an asset is the greater of an asset's fair value less the cost to sell the asset and its value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

(e) Decommissioning and Restoration Provisions

Decommissioning and restoration provisions are recorded when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as finance costs.

The Company did not have any decommissioning and restoration provisions for the years presented.

(f) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash, are measured based on the fair value of the consideration received, unless the fair value cannot be estimated reliably, in which case they are measured at the fair value of the shares at the date the shares are issued.

(g) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability due to the obligation to incur eligible expenditures and ii) share capital. Upon eligible exploration expenditures being incurred, the Company recognizes a deferred tax liability for the amount of tax deduction renounced to shareholders. To the extent that eligible deferred income tax assets are available, the Company will reduce the deferred income tax liability and records a deferred income tax recovery. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the “Look-back” rule. If applicable, this tax is classified as an administration expense.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Loss per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the year.

The Company uses the treasury stock method to compute the dilutive effect of options and other similar instruments. Under this method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Shares to be issued on existing stock options, warrants and convertible debenture have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented.

(i) Income taxes

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

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

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 not recognized for the following temporary differences: 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, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Financial Instruments

(i) Classification

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("**FVTPL**"), at fair value through other comprehensive income ("**FVTOCI**") or at amortized cost. The

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as at FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company has the following financial instruments, which are classified under IFRS 9 in the table below:

Financial assets/liabilities	**Classification**
Cash and cash equivalents	Amortized cost
Accounts payable	Amortized cost

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise, except for financial liabilities measured at FVTPL, the change in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive (loss) income. The Company's Convertible Debentures have been recognized at FVTPL.

(iii) Impairment of financial assets at amortized cost

Under IFRS 9, the Company recognizes a loss allowance using the expected credit loss model on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss) income.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the profit or loss.

5. EXPLORATION AND EVALUATION ASSET

In April 2021, the Company entered into an option agreement (the “**Heron Option Agreement**”) with private arm’s length vendors (the “**Heron Vendors**”) pursuant to which the Company has the exclusive option to acquire a 100% interest in the Heron copper project in northern Saskatchewan, Canada (the “**Heron Project**”).

Pursuant to the terms of the Heron Option Agreement, the Company issued 1,000,000 common shares to the Heron Vendors in April 2021 with a fair value of $20,000, which has been recorded as exploration and evaluation asset, and in addition, the Company has also fulfilled the requirement to incur $100,000 in exploration expenditures on the project as of October 31, 2021. The option on the Heron Project is exercisable at the Company’s election on or before the 24-month anniversary of entering into the Heron Option Agreement for additional consideration of 1,000,000 common shares of the Company.

Upon exercise of the Heron Option Agreement, the Heron Vendors will retain a 2% net smelter return royalty (the “**NSR**”) over the Heron Project. The Company will have the right at any time following the delivery of a feasibility report on the Heron Project to repurchase one half (1%) of the NSR for $2,000,000 in cash, and the remaining one-half (1%) of the NSR for $5,000,000 in cash.

Exploration and evaluation expenditures:

		2021
Airborne survey	$	**122,588**
Consulting fees		**14,982**
Project administration		**1,752**
Exploration and evaluation expenses	$	**139,322**

(Expressed in Canadian Dollars)

6. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

		2021
Loss from operations	$	(134,464)
Statutory rate		27%
Expected tax recovery	$	(36,000)
Renunciation of CEE		33,000
Release of flow-through share premium liability		(9,000)
Change in unrecognized deductible temporary differences		12,000
Income tax (recovery) expense	$	-

The tax effects of temporary differences between amounts recorded in the Company's accounts and the corresponding amounts as calculated for income tax purposes gives rise to the following deferred tax assets and liabilities:

		2021
Tax loss carry forwards and pool balances	$	18,000
Exploration and evaluation assets		(5,400)

7. SHARE CAPITAL

Authorized Capital - Unlimited number of common shares with no par value.

Issued: For the period from incorporation on November 16, 2020 to October 31, 2021:

(a) In November 2020, the Company issued 5,000,000 shares to founders at a price of $0.005 per share for gross proceeds of $25,000. The incorporation share issued on November 16, 2020 was cancelled on November 19, 2020.

(b) In March 2021, the Company issued 6,150,000 shares pursuant to a private placement at a price of $0.02 per share for gross proceeds of $123,000.

(c) In April 2021, the Company issued 1,000,000 shares pursuant to the Heron Option Agreement (Note 5) at a price of $0.02 per share for fair value of $20,000

(d) In June 2021, the Company issued 1,750,000 flow-through shares pursuant to a private placement at a price of $0.07 per share for gross proceeds of $122,500. The Company allocated $35,000 as the flow-through premium and recorded this as its flow-through liability. As at October 31, 2021, the Company has incurred all of its obligated flow-through expenditures of $122,500; accordingly, a pro-rata portion of the flow-through premium liability has been amortized into profit and loss as flow-through income.

(e) In June 2021, the Company issued 3,200,000 shares pursuant to a private placement at a price of $0.05 per share for gross proceeds of $160,000.

Stock Option Plan

The Company has adopted a stock option plan, subject to regulatory and shareholder approvals, whereby directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common

7. SHARE CAPITAL (continued)

shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of assets. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company. The properties in which the Company currently has an interest are in the exploration stage. As such the Company, has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it determines that there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, and accounts payable.

Fair Value Measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – 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).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of the Company's cash and accounts payable approximate their carrying value, due to their short-term maturities or liquidity.

Financial instrument risk exposure

As at October 31, 2021, the Company's financial instrument risk exposure and the impact thereof on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at October 31, 2021, the Company has cash on deposit with a large Canadian bank. Credit risk is concentrated as a significant amount of the Company's cash and cash equivalents is held at one financial institution. Management believes the risk of loss to be remote.

9. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital to meet short-term obligations. As at October 31, 2021, the Company had a working capital balance of $261,036, including cash of $276,036.

(c) Market Risk

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

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of October 31, 2021.

(ii) Foreign Currency Risk

The functional currency of the Company is the Canadian dollar. The Company is affected by currency transaction risk and currency translation risk. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets, liabilities and operating results. The Company does not have transactions and balances denominated in foreign currencies and therefore is not subject to significant foreign currency risk.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact of movements in individual equity prices or general movements in the level of the stock market on the Company's financial performance. Commodity price risk is defined as the potential adverse impact of commodity price movements and volatilities on financial performance and economic value. Future declines in commodity prices may impact the valuation of long-lived assets. The Company closely monitors the commodity prices of copper, individual equity movements, and the stock market.

10. SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of exploration properties. All of the Company's non-current assets are located in Canada.

11. SUBSEQUENT EVENT

Subsequent to October 31, 2021, the Company signed an engagement letter with Haywood Securities Inc. ("**Agent**") in connection with the Company's initial public offering (the "**Offering**"). Haywood Securities Inc. will act as agent for the Offering of 3,900,000 common share of the Company at a price of $0.15 per share for gross proceeds of $585,000. Pursuant to the terms of the engagement letter, the Agent will receive, on closing date of the Offering, 273,000 compensation options exercisable at $0.15 with a term of 24 months as well as a cash commission equal to 7% of the gross proceeds of the Offering, being $40,950. The Agent will also receive a corporate finance fee of $25,000 plus applicable taxes, of which $10,000 plus applicable taxes has been paid, and $10,000 in corporate finance

11. SUBSEQUENT EVENT (continued)

securities that will be paid through the issuance of 66,666 common shares of the Company at a deemed price per share that is equal to the Offering price, as well as reimbursement for legal and other fees.