

LAKE WINN RESOURCES CORP.

INTERIM FINANCIAL STATEMENTS

PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

NOTICE TO READER

NO Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Lake Winn Resources Corp. (“the Company”), for the nine months ended September 30, 2023 have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

Lake Winn Resources Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2023	December 31, 2023
ASSETS		
Current		
Cash	\$ 10,936	\$ 599,237
Accounts receivable (Notes 5 and 10)	60,227	35,790
Prepaid expenses	1,874	-
Exploration advances	-	61,006
	<u>73,037</u>	<u>696,033</u>
Exploration and evaluation assets (Note 6)	<u>424,350</u>	<u>424,350</u>
	<u>424,350</u>	<u>424,350</u>
Total assets	\$ 497,387	\$ 1,120,383
LIABILITIES		
Current		
Accounts payable	\$ 424,843	\$ 407,163
Accrued liabilities	49,000	135,000
Due to related parties (Note 10)	132,485	187,344
	<u>606,328</u>	<u>729,507</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	14,202,984	13,652,502
Shares subscribed (Note 13)	-	157,500
Reserves (Note 9)	2,182,983	1,995,230
Deficit	(16,494,908)	(15,414,356)
Total shareholders' equity	<u>(108,941)</u>	<u>390,876</u>
Total liabilities and shareholders' equity	\$ 497,387	\$ 1,120,383

Going concern (Note 1)
Subsequent event (Note 13)

Approved on behalf of the Board on November 29, 2023 by:

 "Patrick Power"
Signed

 "Binny Jassal"
Signed

The accompanying notes are an integral part of these financial statements.

Lake Winn Resources Corp.
Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Expenses				
Accounting and audit (Note 10)	\$ 15,000	\$ 15,000	\$ 45,850	\$ 46,905
Consulting fees	44,762	15,000	167,626	45,000
Depreciation (Note 7)	-	-	-	17,618
Exploration (Notes 6 and 10)	153,166	-	406,102	3,750
Filing fees	1,000	8,950	12,461	49,767
Interest expense (Note 8)	-	-	-	435
Investor relations	-	-	15,000	-
Legal	-	-	9,000	-
Management fees (Note 10)	30,000	21,000	93,000	63,000
Office	3,406	839	9,264	1,984
Rent (Note 10)	10,650	5,325	32,907	5,325
Shareholders' information	625	2,936	7,609	2,936
Stock based compensation	-	-	187,753	-
Travel, meals and entertainment	46,314	1,216	106,829	5,972
Transfer agent fees	965	668	6,962	2,541
	(305,888)	(70,934)	(1,100,363)	(245,233)
Other Items				
Interest income	-	-	-	25
Rent recovery (Note 10)	6,447	-	19,811	12,892
	6,447	-	19,811	12,917
Loss and comprehensive loss for the period	\$ (299,441)	\$ (70,934)	\$ (1,080,552)	\$ (232,316)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding	68,971,639	38,166,636	66,294,080	38,166,636

The accompanying notes are an integral part of these financial statements.

Lake Winn Resources Corp.
Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares Subscribed	Reserves	Deficit	Shareholders' equity
Balance, December 31, 2021	38,166,636	\$ 12,541,227	\$ -	\$ 1,946,278	\$ (14,413,689)	\$ 73,816
Proceeds from issuance of shares	20,040,000	\$ 1,002,000	\$ -	\$ -	\$ -	\$ 1,002,000
Shares issue costs	-	(10,725)	.	-	-	(10,725)
Shares subscribed	-	-	157,500	-	-	157,500
Shares issued pursuant to property agreement	1,500,000	120,000	-	-	-	120,000
Stock based compensation	-	-	-	48,952	-	48,952
Loss for year	-	-	-	-	(1,000,667)	(1,000,667)
Balance, December 31, 2022	59,706,636	\$ 13,652,502	\$ 157,500	\$ 1,995,230	\$ (15,414,356)	\$ 390,876
Proceeds from issuance of shares	9,265,003	\$ 555,900	\$ (157,500)	\$ -	\$ -	\$ 398,400
Shares issue costs	-	(5,418)	-	-	-	(5,418)
Stock based compensation	-	-	-	187,753	-	187,753
Loss for the period	-	-	-	-	(1,080,552)	(1,080,552)
Balance, September 30, 2023	68,971,639	\$ 14,202,984	\$ -	\$ 2,182,983	\$ (16,494,908)	\$ (108,941)

The accompanying notes are an integral part of these financial statements.

Lake Winn Resources Corp.
Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows provided by (used in)				
Operating activities				
Loss for the period	\$ (299,441)	\$ (70,934)	\$ (1,080,552)	\$ (232,316)
Items not affecting cash:				
Depreciation	-	-	-	17,618
Interest expense	-	-	-	435
Stock based compensation	-	-	187,753	-
Changes in non-cash working capital items:				
Accounts receivable	(28,686)	2,215	(24,437)	33,470
Prepaid expenses and deposits	14,584	-	(1,874)	7,100
Exploration advances	-	-	61,006	-
Accounts payable	171,879	728	17,680	7,668
Accrued liabilities	(22,500)	15,000	(86,000)	8,210
Net cash used in operating activities	(164,164)	(52,991)	(926,424)	(157,815)
Investing activities				
Acquisition of exploration and evaluation assets	-	-	-	-
Net cash used in investing activities	-	-	-	-
Financing activities				
Common shares	-	-	555,900	-
Shares issue costs	-	-	(5,418)	-
Shares issued	-	-	(157,500)	-
Shares subscribed	-	-	-	-
Due to related parties	59,856	42,763	(54,859)	114,763
Payment of lease liability	-	-	-	(21,300)
Net cash provided by financing activities	59,856	42,763	338,123	93,463
Change in cash during the period	(104,308)	(10,228)	(588,301)	(64,352)
Cash, beginning of the period	115,244	32,022	599,237	86,146
Cash, end of the period	\$ 10,936	\$ 21,794	\$ 10,936	\$ 21,794

Supplemental cash flow information (Note 12)

The accompanying notes are an integral part of these financial statements.

Lake Winn Resources Corp.
Notes to the Interim Financial Statements
For the periods ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

1. NATURE AND GOING CONCERN

Lake Winn Resources Corp. (the “Company”) was incorporated on September 21, 2010 under the laws of the British Columbia Business Corporations Act. The Company is listed on NEX and trades under the symbol LWR.H. The address of its registered head office is Suite 1100 -1111 Melville St., Vancouver, British Columbia, Canada V6E 3V3.

The Company is in the process of exploring its resource properties in Canada and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

At September 30, 2023, the Company recorded a loss of \$1,080,552 (September 30, 2022 - \$232,316) and has working capital deficiency of \$533,291 (December 31, 2022 – \$33,474). The Company has not yet achieved profitable operations, has a deficit of \$16,494,908 (December 31, 2022 - \$15,414,356) since its inception and expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. 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 liabilities in the normal course of business. The Company is seeking financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These interim consolidated financial statements, as at and for the nine months ended September 30, 2023, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company’s cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments. As at September 30, 2023 and December 31, 2022, the Company did not have any cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign exchange

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar at the rates of exchange 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 the period end exchange rates. Non-monetary items are measured in terms of historical cost and are not retranslated. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(c) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(d) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation assets in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at September 30, 2023 and December 31, 2022, the Company has no material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

(e) Share based payments

The Company has adopted an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of 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 fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The fair value of awards are charged to the statement of loss and comprehensive loss and credited to reserves within shareholders' equity. Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified over the original vesting period. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of modification, over the remainder of the vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. For the period presented, dilutive loss per share is equal to basic loss per share.

(g) Exploration and evaluation assets

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct exploration and evaluation asset acquisition costs and those expenditures incurred following the determination that the property has economically recoverable resources. Exploration and evaluation asset acquisition costs include cash consideration and the fair value of common shares issued for exploration and evaluation asset interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. As at June 30, 2023 and December 31, 2022, the Company had not determined economically recoverable resources.

(h) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(i) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-

Lake Winn Resources Corp.
Notes to the Interim Financial Statements
For the periods ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Warrants issued in equity financing transactions (continued)

based payments and are recorded at fair value using the Black-Scholes Option Pricing Model. The fair value of these warrants is charged to share issuance costs associated with the offering with the offsetting entry crediting reserves.

(j) Financial instruments

The Company follows IFRS 9 – Financial Instrument (“IFRS 9”) to account for its financial instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

The Company classifies its financial assets into one of three categories, depending on the purpose for which the asset was acquired: (i) amortized cost; (ii) fair value changes through other comprehensive income (“FVTOCI”); and (iii) fair value through profit loss (“FVTPL”).

The Company classifies its financial liabilities into one of two categories (i) amortized cost; and (ii) FVTPL.

Initial recognition and subsequent measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is included in finance income or cost.

Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income (“OCI”). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established unless they represent a recovery of part of the cost of the investment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. 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 the statements of loss and comprehensive loss in the period in which they arise.

The Company has classified cash as FVTPL, accounts receivable (excluding GST), accounts payable, accrued liabilities, lease liabilities and due to related parties as amortized cost. As at June 30, 2023 and December 31, 2022, the Company does not have financial assets classified as FVTOCI and financial liabilities classified at FVTPL.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses 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 of 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 the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

Derecognition

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 of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

(k) Related party 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. Parties are also considered to be related if they are subject to common control. 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.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(m) New accounting standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2022 and period ended September 30, 2023 and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Going concern

The factors considered by management are discussed in Note 1.

Impairment assessment of exploration and evaluation assets

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.

All capitalized exploration and evaluation assets are monitored for indications of impairment at each reporting period. The Company considered the following facts and circumstances in determination if it should test exploration and evaluation assets for impairment:

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

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that deferred exploration expenditures are not expected to be recovered, an impairment is charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

An impairment charge relating to an exploration and evaluation asset may be subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. General exploration costs in areas of interest in which the Company has not secured rights are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Significant accounting judgments and estimates (continued)

Impairment assessment of exploration and evaluation assets (continued)

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

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.

As at September 30, 2023 and December 31, 2022, the Company has assessed that there are no impairment indicators with respect to its exploration and evaluation assets.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair value of financial instruments

The Company's financial instruments at September 30, 2023 and December 31, 2022 consist of cash, accounts receivable (excluding GST), accounts payable, accrued liabilities, and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of accounts receivable, accounts payable, accrued liabilities, and due to related parties approximate their fair values because of their nature and respective maturity dates or durations.

The Company's financial instruments that are measured at fair value on a recurring basis is cash and it is level 1 financial instrument as at September 30, 2023 and December 31, 2022.

(b) Risk management

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

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 ensures that there was sufficient capital in order to meet annual business requirements, after taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. As the Company does not generate operating cash inflow, the Company has relied primarily on equity financings to meet its capital requirements.

Foreign currency risk

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Lake Winn Resources Corp.
Notes to the Interim Financial Statements
For the periods ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

(c) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and adjusts to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets. The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to those markets and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the TSX-V in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

5. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022
GST receivable	\$ 37,425	\$ 35,790
Due from a related party (Note 10(f))	22,802	-
	\$ 60,227	\$ 35,790

6. EXPLORATION AND EVALUATION ASSETS

(a) Li Property

On July 25, 2016 the Company purchased from Strategic Metals Ltd. ("Strategic") a 100% interest in the Li Property, which is located in the North West Territories.

As consideration of the purchase and sale, the Company has issued to Strategic 500,000 common shares of the Company on the closing date; and paid \$100,000 towards expenditures required for the 2016 work program on the property and granted a 2% net smelter returns ("NSR") royalty to Strategic. The Company has the right to purchase one half of the NSR royalty (equal to 1%) in consideration for \$2,000,000. Within one year of the closing date, the Company issued to Strategic 250,000 common shares of the Company and 250,000 common share purchase warrants of the Company; with each warrant entitling Strategic to purchase one common share of the Company at a price of \$1.00 per share for a period of 24 months from the date of issue of the warrants. The Company has also issued 50,000 shares as finder's fee. The Company recorded a write-off of all the acquisition cost in prior years due to uncertainty of future exploration expenditures on this property.

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6. EXPLORATION AND EVALUATION ASSETS

(a) Li Property (continued)

During the year ending December 31, 2022, the Company incurred \$518,038 exploration expenses relating to Li Property.

During the period ending September 30, 2023, the Company incurred \$252,936 exploration expenses.

(b) Cloud Property

On September 16, 2020, the Company signed an option agreement with W.S. Ferreira Ltd. (the “Vendor”) to acquire the Cloud Project in Manitoba, consisting of eight mining claims as well as an area of interest (the “Cloud Property”).

As consideration for the Cloud Property, the Company is required to issue a total of 2,000,000 common shares, make cash payments of \$265,000, and complete a work commitment of \$50,000. The breakdown of payments and issuance of common shares are follows:

- Pay \$65,000 on or before September 28, 2020 (paid);
- Issue 500,000 common shares on or before September 28, 2020 (issued);
- Complete the \$50,000 work commitment on or before April 1, 2021 (incurred);
- Pay \$100,000 (not yet paid) and issue 500,000 common shares (issued in December 2022) on or before September 28, 2021 (extended see below); and
- Pay \$100,000 (not yet paid) and issue 1,000,000 common shares (issued in December 2022) on or before September 28, 2022 (extended see below).

On September 30, 2021, the option agreement was amended to extend the timeline to complete the second cash payment of \$100,000 and the second issuance 500,000 commons to on or before December 31, 2022.

On September 27, 2022, the option agreement was amended again to extend the timeline to complete the second cash payment of \$100,000 and third cash payment of \$100,000 on or before December 31, 2023.

The Vendor will retain a 2% NSR in the Property. The Company has the option to purchase 1% of the NSR for \$1,000,000. The Company paid a cash finders’ fee of \$13,250 in connection with the agreement.

(c) Quartz Property

On January 6, 2021, the Company signed a purchase agreement with W.S. Ferreira Ltd. (the “Vendor”) to acquire a 100% interest in 2 claims near the southern shores in Reed Lake, Manitoba (the “Quartz Property”).

As consideration for the Quartz Property, the Company is required pay the Vendor \$50,000 in cash (not paid yet) and issuance of 100,000 shares (issued) for the Quartz claims, named Quartz 1 and Quartz 2, along with granting a 2% Gross overriding Royalty (“GOR”) of which 1% may be purchased for \$1 million. During the year ended December 31, 2021, the Company also spent \$28,600 staking cost around the Quartz Claims.

On March 1, 2021, the Company has received an extension from the Vendor to pay \$50,000 until December 31, 2022.

On December 30, 2022, The Company has received further extension from the Vendor to pay \$50,000 until December 31, 2023.

During the period ended September 30, 2023 and years ended December 31, 2022, the Company incurred property acquisition costs as follows:

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6. EXPLORATION AND EVALUATION ASSETS

	Cloud Property \$	Quartz Property \$	Total \$
Exploration and evaluation assets			
Balance, December 31, 2021	255,750	48,600	304,350
Acquisition costs – shares	120,000	-	120,000
Balance, December 31, 2022	375,750	48,600	424,350
Balance, September 30, 2023	375,750	48,600	424,350

During the period ended September 30, 2023, the Company incurred exploration expenditures on the properties as follows:

	Li Property \$	Quartz Property \$	Cloud Property \$	Total \$
Exploration expenditures				
Consulting	235,402	225	49,325	284,952
Travel	18,572	-	-	18,572
Field	10,638	-	-	10,638
Survey	191,369	-	-	191,369
Freight	11,636	-	-	11,636
Helicopter	13,470	-	-	13,470
Others	22,396	-	-	22,396
Staking	14,260	-	-	14,260
Fuel	2,009	-	-	2,009
Grant	(163,200)	-	-	(163,200)
Total exploration expenditures	356,552	225	49,325	406,102

During the period ended September 30, 2022, the Company incurred exploration expenditures on the properties as follows:

	Li Property \$	Quartz Property \$	Cloud Property \$	Total \$
Exploration expenditures				
Others	-	-	3,750	3,750
Total exploration expenditures	-	-	3,750	3,750

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7. RIGHT-OF-USE ASSET

The right-of-use assets (“ROU”) represents the corporate office space lease (Note 8).

Cost	ROU Asset
	\$
Balance at December 31, 2021	84,672
Additions	(7,100)
Balance at December 31, 2022	77,572
Balance at September 30, 2023	77,572

Accumulated depreciation	ROU Asset
	\$
Balance at December 31, 2021	59,954
Additions	17,618
Balance at December 31, 2022	77,572
Balance at September 30, 2023	77,572

Carrying amount at December 31, 2021	24,718
Carrying amount at December 31, 2022	-
Carrying amount at September 30, 2023	-

8. LEASE LIABILITY

On July 1, 2020, the Company entered into a sublease for its corporate office space. The lease has a non-cancellable term of 2 years and expired on June 30, 2022. The Company has recognized a ROU asset in respect of this lease, which is included in right-of-use asset on the statements of financial position (Note 7). The Company has applied the short-term lease exemption for the lease of assets with lease terms of 12 months or less.

The Company has also recognized a lease liability for this lease, which was initially measured at the present value of the future lease payments, discounted using the Company’s incremental borrowing rate of 10%.

Lease liability	\$
Balance at December 31, 2021	20,865
Interest expense	435
Payments	(21,300)
Balance at December 31, 2022	-
Balance at September 30, 2023	-

9. SHARE CAPITAL

(a) Authorized

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

(b) Issued and outstanding:

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9. SHARE CAPITAL (continued)

(b) Issued and outstanding: (continued)

For the period ended September 30, 2023

- (i) In February 2023, the Company closed private placement of 4,956,669 non-flow through units of the Company at \$0.06 per non-flow through unit for a total gross proceeds of \$297,400. Each non-flow through unit consists of one common share and one share purchase warrant at an exercise price of \$0.09 per common share within one year. The Company paid a cash finders' fees of \$5,418.
- (ii) In May 2023, the Company closed a private placement by issuing 4,308,334 units at a price of \$0.06 per unit for a total gross proceeds of \$258,500. Each unit consists of one common share and one share purchase warrant at an exercise price of \$0.09 per common share within one year from the date of issuance.

For the year ended December 31, 2022

- (i) On November 24, 2022, the Company completed a private placement of 13,890,000 units at a price of \$0.05 per unit for gross proceeds of \$694,500. Each unit is comprised of one common share and one common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.10 for a period of one year from closing. The Company has allocated the 100% proceeds to share capital and \$nil to share purchase warrants using the residual approach.
- (ii) On December 29, 2022, the Company completed a private placement of 6,150,000 units at a price of \$0.05 per unit for gross proceeds of \$307,500. Each unit is comprised of one common share and one common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.10 for a period of one year from closing. The legal cost was \$10,725. The Company has allocated the 100% proceeds to share capital and \$nil to share purchase warrants using the residual approach.
- (iii) On December 29, 2022, the Company issued 1,500,000 common shares with a fair value of \$120,000 pursuant to the Cloud property agreement (Note 6 (b)).

(c) Stock options

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The Plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. Options granted to consultants performing investor relations activities vest over a period of time.

- (i) As at September 30, 2023, the Company had the following stock options outstanding and exercisable:

Number	Exercise Price	Expiry Date
295,000	\$0.50	August 1, 2024
1,650,000	\$0.23	November 24, 2025
800,000	\$0.09	December 30, 2025
200,000	\$0.075	May 26, 2025
2,550,000	\$0.075	May 26, 2028
1,000,000	\$0.08	June 29, 2025
6,495,000		

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9. SHARE CAPITAL (continued)

(c) Stock options (continued)

(ii) A summary of the status of the Company's stock options as at September 30, 2023 and December 31, 2022 and changes during those periods are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
Balance, December 31, 2021	2,065,000	\$0.30	3.52
Granted	800,000	\$0.09	-
Expired/Cancelled	(80,000)	(0.55)	-
Balance, December 31, 2022	2,785,000	\$0.23	2.75
Granted	3,750,000	\$0.08	-
Expired/Cancelled	(40,000)	\$1.00	-
Balance, September 30, 2023	6,495,000	\$ 0.14	3.01

(d) Share purchase warrants

(i) As at September 30, 2023, the Company had warrants outstanding enabling holders to acquire the following:

Number	Exercise Price	Expiry Date
7,008,315	\$0.16	November 19, 2023
13,890,000	\$0.10	November 24, 2023
6,150,000	\$0.10	December 29, 2023
4,956,669	\$0.09	February 01, 2024
4,308,334	\$0.09	May 16, 2024
36,313,318		

(ii) A summary of the Company's issued and outstanding share purchase warrants as at September 30, 2023 and December 31, 2022 and changes during those periods are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years
Balance, December 31, 2021	20,646,315	\$0.22	1.25
Granted	20,040,000	\$0.10	-
Expired	(13,638,000)	\$0.25	-
Balance, December 31, 2022	27,048,315	\$0.12	0.94
Granted	9,265,003	\$0.09	-
Balance, September 30, 2023	36,313,318	\$0.11	0.29

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10. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these financial statements are listed below.

The value of transactions relating to key management personal were as follows:

- (a) During the period ended September 30, 2023, the Company incurred management fees of \$93,000 (2022 - \$63,000) to companies controlled by directors of the Company.
- (b) During the period ended September 30, 2023, the Company recorded rent expense recovery of \$19,811 (2022 - \$12,892) from a company under the common control pertaining to rent paid by the Company for shared office premises.
- (c) During the period ended September 30, 2023, the Company incurred accounting fees of \$45,000 (2022 - \$45,000) to a company controlled by the CFO who is also a director of the Company.
- (d) During the period ended September 30, 2023, the Company incurred exploration consulting fees of \$35,700 (2022 - \$nil) to a company controlled by a director of the Company.
- (e) As at September 30, 2023, accounts receivable and advances included \$22,802 (December 31, 2022 - \$nil) pertaining to rent due from a company related by a common officer for shared office premises.
- (f) As at September 30, 2023, included in the accounts payable and accrued liabilities, the amounts due to related parties were \$132,485 (December 31, 2022 - \$187,344).

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members and compensations to the key managements are disclosed above. Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the period ended September 30, 2023 and year ended December 31, 2022.

11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flows:

During the period ended September 30, 2023 - Nil

During the year ended December 31, 2022

On December 29, 2022, the Company issued 1,500,000 common shares with a fair value of \$120,000 pursuant to the Cloud property agreement (Note 6 (b)).

13. SUBSEQUENT EVENT

None