

**POWER ONE RESOURCES CORP.**

**Financial Statements**

**For the Period from Incorporation on March 23, 2021 to August 31, 2021**

**Expressed in Canadian Dollars**

## Independent Auditor's Report

To the Shareholders of Power One Resources Corp.

### Opinion

We have audited the financial statements of Power One Resources Corp. ("the Company"), which comprise the statement of financial position as at August 31, 2021 and August 31, 2020 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the period then ended, 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 August 31, 2021 and August 31, 2020, and its financial performance and its cash flows for the period then ended 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.

### Material Uncertainty Related to Going Concern

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

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

## **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.

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 Keith L. Gagnon.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
December 22, 2021**

**POWER ONE RESOURCES CORP.**

Statement of Financial Position

As at August 31, 2021

(Expressed in Canadian dollars)

	<b>August 31, 2021</b>
<b>ASSETS</b>	
Current	
Cash	\$ 65,761
Amount receivable	3,500
Prepaid expenses (Note 8)	36,000
	<u>105,261</u>
Exploration and evaluation assets (Notes 5 and 6)	2,413,564
	<u>\$ 2,518,825</u>
<b>LIABILITIES</b>	
Current	
Accounts payable and accrued liabilities (Note 8)	\$ 157,954
Due to related party (Note 8)	490
	<u>158,444</u>
<b>SHAREHOLDERS' EQUITY</b>	
Share capital (Note 7)	2,373,564
Share subscription received (Note 7)	65,000
Deficit	(78,183)
	<u>2,360,381</u>
	<u>\$ 2,518,825</u>

Going concern (Note 1)

Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on December 22, 2021:

*/s/ Karim Rayani**/s/ Mark Luchinski*\_\_\_\_\_  
Karim Rayani\_\_\_\_\_  
Mark Luchinski

**POWER ONE RESOURCES CORP.**

## Statement of Operations and Comprehensive Loss

For the period from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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	<b>2021</b>
Administrative expenses	
Bank and interest charges	\$ 238
Consulting fees (Note 8)	70,000
Filing fees	945
Professional fees	7,000
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Net loss and comprehensive loss for the period	\$ (78,183)
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Basic and diluted loss per share	\$ (0.01)
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Weighted average number of common shares outstanding	13,588,960

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**POWER ONE RESOURCES CORP.**

## Statement of Changes in Shareholders' Equity

For the period from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share Capital</b>	<b>Share subscription received</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
Balance, March 23, 2021	-	\$ -	\$ -	\$ -	\$ -
Shares issued per plan of arrangement	19,234,751	2,273,564	-	-	2,273,564
Private placement	2,000,000	100,000	-	-	100,000
Share subscriptions received	-	-	65,000	-	65,000
Net loss and comprehensive loss for the period	-	-	-	(78,183)	(78,183)
Balance, August 31, 2021	21,234,751	\$ 2,373,564	\$ 65,000	\$ (78,183)	\$ 2,360,381

**POWER ONE RESOURCES CORP.**

## Statement of Cash Flows

For the period from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

	<b>2021</b>
Operating Activities	
Net loss for the period	\$ (78,183)
Changes in non-cash working capital items related to operations:	
Amount receivable	(3,500)
Prepaid expenses and deposits	(36,000)
Accounts payable and accrued liabilities	17,954
Due to related party	490
Cash used in operating activities	(99,239)
Financing Activities	
Issuance of common shares	100,000
Share subscriptions received	65,000
Cash provided by financing activities	165,000
Change in cash during the period	65,761
Cash, beginning of period	-
Cash, end of the period	\$ 65,761
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period:	
Interest	\$ -
Income taxes	\$ -
Non-cash transactions:	
Shares issued per plan of arrangement	\$ 2,273,564

The accompanying notes are an integral part of these financial statements

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **1. Nature and continuance of operations**

Power One Resources Corp. (the “Company”) was incorporated on March 23, 2021 under the laws of the Province of British Columbia, Canada, as a wholly-owned subsidiary of Marvel Discovery Corp. (“Marvel”). On May 13, 2021, a Plan of Arrangement (the “Plan of Arrangement”) was approved by the shareholders of Marvel whereby Marvel distributed 100% of its interest in certain properties (the “Spin-out Properties”) to the Company.

The Company principal activity is the acquisition and exploration of mineral properties in Canada.

The corporate office and principal place of business of the Company is Suite 615 – 800 Pender Street, Vancouver, B.C., V6C 2V6.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. At August 31, 2021 the Company was in the exploration stage and had interests in properties in Canada.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. There is significant uncertainty regarding the outcome of these matters. The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at August 31, 2021, the Company had a working capital deficiency of \$53,183 and accumulated deficit of \$78,183. Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These uncertainties cast substantial doubt about the Company’s ability to continue as a going concern. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

In March 2020 the World Health Organization declared the outbreak of COVID-19 a global pandemic. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

### **2. Basis of preparation**

#### ***Statement of compliance***

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

The financial statements were reviewed by the Audit Committee and approved on December 22, 2021.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **2. Basis of preparation – (cont'd)**

#### ***Basis of measurement***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is the Company's functional currency, unless otherwise noted.

### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently in the financial statements, unless otherwise indicated.

#### ***Exploration and evaluation assets***

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for indications of impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in the profit or loss.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **3. Significant accounting policies – (cont'd)**

#### ***Impairment of assets***

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their 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 independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 estimates 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.

#### ***Financial instruments***

##### ***Financial Assets***

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

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI.

## POWER ONE RESOURCES CORP.

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### 3. Significant accounting policies – (cont'd)

#### *Financial instruments* – (cont'd)

##### *Financial Assets* – (cont'd)

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

The Company's cash has been designated as 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 that 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 profit or 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.

##### *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 the statements of comprehensive income (loss).

##### *Financial Liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities and due to related party as financial liabilities held at amortized cost.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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**3. Significant accounting policies – (cont'd)**

***Provisions***

*Rehabilitation Provision*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

*Other Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where 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.

***Basic and diluted loss per share***

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

***Income taxes***

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

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

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **3. Significant accounting policies – (cont'd)**

#### ***Income taxes – (cont'd)***

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for other than business combination which does not have an impact. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

#### ***Share capital***

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements is determined to be the more easily measurable component and is valued at their fair value, as determined by the closing quoted bid price on the date of issuance. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

#### ***Share-based payment***

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payment 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 corresponding amount is recorded to the contributed surplus. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. 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. All equity-settled share-based payment is reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

#### ***Recent accounting pronouncements and changes in accounting policies***

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

##### ***Classification of Liabilities as Current or Non-current (Amendments to IAS 1)***

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **4. Critical accounting estimates and judgments**

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

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

#### *Critical judgments in applying accounting policies*

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

#### *Going Concern*

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 1.

#### *Title to mineral property interests*

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

#### *Impairment of Mineral Properties*

In accordance with the Company's accounting policy for its mineral properties, exploration and evaluation expenditures on mineral properties are capitalized. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. The Company applies judgment to determine whether indicators of impairment exist for these capitalized costs.

Management uses several criteria in making this assessment, including the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral properties are budgeted, and evaluation of the results of exploration and evaluation activities up to the reporting date.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

**5. Plan of Arrangement**

On May 13, 2021, the Company executed a formal arrangement agreement related to the proposed spin-out (the “Plan of Arrangement”). Pursuant to the Plan of Arrangement Marvel transferred its interest in Serpent River and Wicheeda property to the Company with the assumption of \$140,000 in debt, and the Company issuing 5,000,000 common shares of the Company to Marvel and 14,234,234,751 common shares of the Company to Marvel’s shareholders.

Exploration and evaluation properties	\$ 2,413,564
Accounts payable related to exploration and evaluation properties	(140,000)
<b>Total</b>	<b>\$ 2,273,564</b>

**6. Exploration and evaluation assets**

	<b>Canada</b>		<b>Total</b>
	<b>Serpent River</b>	<b>Wicheeda</b>	
March 23, 2021	\$ -	\$ -	\$ -
Fair value of property transferred	2,158,914	254,650	2,413,564
August 31, 2021	\$ 2,158,914	\$ 254,650	\$ 2,413,564

The following is a description of the Company’s exploration and evaluation assets and the related spending commitments:

Serpent River Project (Ontario)

On May 13, 2021, the Company completed a plan of arrangement with Marvel and acquired 100% interest in ten mining claims in the Sault Ste. Marie Mining Division, Elliot Lake area, in Northern Ontario the original agreement included a 2.0% net smelter return relating to the original acquisition by Marvel. The Company may at any time purchase 1.0% of the NSR for \$1.5 million.

Wicheeda North Property (British Columbia)

On May 13, 2021, the Company completed a plan of arrangement with Marvel and acquired 100% interest in four mineral claims located in the Cariboo Mining Division northeast of Prince George, British Columbia. The original agreement requires a payment of 2% Net Smelter Return Royalty (“NSR”). The Company may acquire one-half of the NSR for \$1 million within five years of the Agreement Date.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

**7. Share capital*****Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At August 31, 2021 there were 21,234,751 issued and fully paid common shares.

***Issuances***

During the period ended August 31, 2021:

On May 13, 2021, the Company completed the Plan of Arrangement (note 5) issued 14,234,751 common shares to Marvel shareholders and 5,000,000 to Marvel.

On July 26, 2021, the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.05 per unit for total proceeds of \$100,000 to the CEO of the Company. Each unit consisted of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of \$0.10 per share expiring on July 27, 2024.

***Share Purchase Warrants***

The changes in warrants during the period ended August 31, 2021 are as follows:

	<b>August 31, 2021</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Balance, beginning of period	-	\$ -
Issued	2,000,000	0.10
Balance, end of period	2,000,000	\$ 0.10

Details of warrants outstanding as at August 31, 2021 are as follows:

<b>Number of warrants</b>	<b>Exercise price</b> \$	<b>Date of expiry</b>
2,000,000	0.10	July 27, 2024
2,000,000		

***Share subscriptions received***

As at August 31, 2021, the Company has collected \$65,000 in share subscriptions towards a private placement for 650,000 units at a price of \$0.10 per unit. Each unit consists of one common share and a share purchase warrant exercisable into a common share for a period of two years from the date of issuance. Each share purchase warrant is exercisable at a price of \$0.30 for the first year and then exercisable at a price of \$0.50 for the second year.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

**8. Related party transactions*****Related party balances***

The following amount is included in accounts payable and accrued liabilities:

	<b>August 31, 2021</b>
Mark Luchinski, Director	\$ 10,500
	<b>\$ 10,500</b>

Included in due to related party at August 31, 2021 is \$490 due to Marvel for expense reimbursement.

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Included in prepaid expenses at August 31, 2021 is \$36,000 in advances on prepaid consulting fees to the CEO of the Company.

***Key management personnel compensation***

	<b>For the period March 23, 2021 (date of incorporation) to August 31, 2021</b>
Consulting fees	
R7 Capital Ventures Ltd; controlled by CEO	\$ 60,000
Mark Luchinski, Director	10,000
	<b>\$ 70,000</b>

On July 26, 2021, the Company completed a non-brokered private placement with the CEO of the Company for 2,000,000 units at a price of \$0.05 per unit for total proceeds of \$100,000. Each unit consist of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of \$0.10 per share expiring on July 27, 2024.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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### **9. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### Credit Risk

The Company is exposed to credit risk by holding cash. Holding the cash in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its various refundable credits are due from the Canadian government.

#### Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. The Company pays interest on loans at a fixed interest rate which does not pose an interest rate risk. Currently, this risk will have an immaterial effect on operations.

#### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

#### Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital and deferring related party payables.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at August 31, 2021 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

#### Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares, reserves, and deficit.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the period.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

**9. Financial risk management – (cont'd)**

## Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash is measured using level 1 fair value hierarchy.

Management believes that the recorded values of all cash, accounts payable and accrued liabilities, and amounts due to and from related parties approximate their current fair values because of their nature and anticipated settlement dates.

**10. Income taxes**

Income tax expense varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

	<b>August 31, 2021</b>
Net loss before income taxes for the year	\$ (78,183)
Statutory Canadian corporate tax rate	27.00%
Anticipated tax expense	(21,100)
Tax benefit not realized	21,100
Actual income tax recovery	\$ -

The significant components of the Company's deferred tax assets are as follows:

	<b>August 31, 2021</b>
Non-capital loss carry forwards	\$ 21,100
	21,100
Deferred tax assets not recognized	(21,100)
Net deferred tax assets	\$ -

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized the non-capital losses in the amount of approximately \$78,000 expire in 2041.

At August 31, 2021 the Company has unclaimed resource and other deductions that do not expire in the amount of \$2,413,564 which may be deducted against future taxable income on a discretionary basis.

Deferred tax benefits, which may arise as a result of applying these deductions to taxable income have not been recognized in these accounts.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the period ended from March 23, 2021 (date of incorporation) to August 31, 2021

(Expressed in Canadian dollars)

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**11. Subsequent Events**

Subsequent to August 31, 2021:

The Company issued 1,030,000 units at a price of \$0.10 per unit for total proceed of \$103,000. Each unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of \$0.30 per share expiring on November 24, 2022 and at a price of \$0.50 per share on or before November 24, 2023.

The Company has collected \$385,000 in share subscriptions towards a private placement for 3,850,000 units at a price of \$0.10 per unit. Each unit consists of one common share and a share purchase warrant exercisable into a common share for a period of two years from the date of issuance. Each share purchase warrant is exercisable at a price of \$0.30 for the first year and then exercisable at a price of \$0.50 for the second year.

The Company entered into an agreement to acquire 100% interest in 209 mineral claims in Ontario, Canada, known as the Elliot Lake Property. As consideration the Company agreed to pay the vendor \$10,450 (paid).