

**POWER ONE RESOURCES CORP.**

**Financial Statements**  
**For the year ended August 31, 2023**  
**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 statements of financial position as at August 31, 2023 and August 31, 2022 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years 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, 2023 and August 31, 2022, and its financial performance and its cash flows for the years 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.

*Crowe Mackay LLP*

**Chartered Professional Accountants  
Vancouver, Canada  
December 21, 2023**

**POWER ONE RESOURCES CORP.**  
Statements of Financial Position  
As at August 31, 2023 and 2022  
(Expressed in Canadian dollars)

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current		
Cash	\$ 1,000,215	\$ 1,130,143
Marketable securities	4,275	-
Amount receivable	329	2,530
Due from related party (Note 8)	-	9,960
Loan receivable (Note 5)	50,393	-
	1,055,212	1,142,633
Deferred listing costs	7,865	-
Exploration and evaluation assets (Note 6)	2,421,286	2,413,564
	\$ 3,484,363	\$ 3,556,197
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 100,926	\$ 190,720
Due to related party (Note 8)	6,801	-
Flow-through premium (Note 10)	78,283	48,265
Loan payable (Note 8)	-	101,603
	186,010	340,588
Non-current		
Accounts payable and accrued liabilities (Note 8)	153,000	-
	339,010	340,588
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	3,561,799	3,482,299
Contributed surplus	157,500	157,500
Deficit	(573,946)	(424,190)
	3,145,353	3,215,609
	\$ 3,484,363	\$ 3,556,197

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

Approved and authorized for issuance on behalf of the Board of Directors on December 21, 2023:

/s/ Karim Rayani

/s/ Fraser Rieche

Karim Rayani

Fraser Rieche

**POWER ONE RESOURCES CORP.**

Statements of Operations and Comprehensive Loss

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

	<b>2023</b>	<b>2022</b>
Operating expenses		
Consulting and management fees (Note 8)	\$ 60,425	\$ 120,000
Office and miscellaneous	9,061	872
Filing fees	2,867	5,903
Professional fees	63,748	46,663
Share-based payments (Notes 7 and 8)	-	157,500
Transfer agent	10,508	13,466
Total operating expenses	146,609	344,404
Loss before other items	(146,609)	(344,404)
Other items:		
Interest expense (Note 8)	(3,645)	(1,603)
Other income (Note 10)	1,782	-
Unrealized loss on fair value of marketable securities	(6,175)	-
Write-off of interest payable (Note 8)	4,891	-
Total other items	(3,147)	(1,603)
Net loss and comprehensive loss for the year	\$ (149,756)	\$ (346,007)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	32,959,405	26,596,324

The accompanying notes are an integral part of these financial statements

**POWER ONE RESOURCES CORP.**

Statements of Changes in Shareholders' Equity  
For the years ended August 31, 2023 and 2022  
(Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share Capital</b>	<b>Share subscription received</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
Balance, August 31, 2021	21,234,751	\$ 2,373,564	\$ 65,000	\$ -	\$ (78,183)	\$ 2,360,381
Private placement	11,188,846	1,167,150	(65,000)	-	-	1,102,150
Premium on flow-through shares	-	(48,265)	-	-	-	(48,265)
Share issue cost	-	(10,150)	-	-	-	(10,150)
Share-based payments	-	-	-	157,500	-	157,500
Net loss and comprehensive loss for the year	-	-	-	-	(346,007)	(346,007)
Balance, August 31, 2022	32,423,597	3,482,299	-	157,500	(424,190)	3,215,609
Private placement	795,000	111,300	-	-	-	111,300
Premium on flow-through shares	-	(31,800)	-	-	-	(31,800)
Net loss and comprehensive loss for the year	-	-	-	-	(149,756)	(149,756)
Balance, August 31, 2023	33,218,597	\$ 3,561,799	\$ -	\$ 157,500	\$ (573,946)	\$ 3,145,353

The accompanying notes are an integral part of these financial statements

**POWER ONE RESOURCES CORP.**

## Statements of Cash Flows

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

	2023	2022
<b>Operating Activities</b>		
Net loss for the year	\$ (149,756)	\$ (346,007)
Items not affecting cash		
Other income	(1,782)	-
Share-based payments	-	157,500
Unrealized loss on fair value of marketable securities	6,175	-
Write-off of interest payable	(4,891)	-
Changes in non-cash working capital items related to operations:		
Accrued interest expense	3,288	1,603
Amount receivable	2,201	970
Prepaid expenses	-	36,000
Accounts payable and accrued liabilities	63,206	32,766
Due to/from related party	6,311	-
Cash used in operating activities	(75,248)	(117,658)
<b>Financing Activities</b>		
Deferred listing costs	(7,865)	-
Issuance of common shares	111,300	1,102,150
Loan received (repayment)	(100,000)	100,000
Share issue cost - cash	-	(10,150)
Cash provided by financing activities	3,435	1,192,000
<b>Investing Activities</b>		
Exploration and evaluation assets	(7,722)	(10,450)
Loan advanced	(100,393)	-
Loan repayment received	50,000	-
Cash used in investing activities	(58,115)	(10,450)
Change in cash during the year	(129,928)	1,064,382
Cash, beginning of year	1,130,143	65,761
Cash, end of the year	\$ 1,000,215	\$ 1,130,143
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<b>Non-cash investing and financing activities</b>		
Write-off of interest payable	\$ 4,891	\$ -
Settlement of due from related party by receipt of marketable securities	\$ 10,450	\$ -

The accompanying notes are an integral part of these financial statements

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(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 1100 – 1111 Melville Street, Vancouver, B.C., V6E 3V6.

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, 2023, 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, 2023, the Company had a working capital of \$869,202 (2022 - \$802,045) and accumulated deficit of \$573,946 (2022 - \$424,190). Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. 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.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

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.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

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### **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 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.

The financial statements were reviewed by the Board of Directors and approved on December 21, 2023.

### **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 years ended August 31, 2023 and 2022

(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 years ended August 31, 2023 and 2022

(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 in the year which it arises.

The Company's cash and marketable securities have been designated as FVTPL and due from related party and loan receivable at amortized cost.

*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 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 operations.

*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, loan payable and due to related party as financial liabilities held at amortized cost.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(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 year. 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 year, 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 years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

**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 (i) taxable temporary differences arising on the initial recognition of goodwill and (ii) temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, does not have an impact on either accounting or the taxable profit. 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.

***Flow-through shares***

The Company will, from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. The equity portion is measured at the market value and the residual is allocated as a liability. This is effectively the “premium” the investor attributes to a flow-through share versus an ordinary share. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes the premium as other income. The flow-through share program requires the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures within the timeline specified by the Government of Canada flow-through regulations. If this deadline has passed, the Company would need to amend the tax forms for any unspent exploration expenditures renounced and the related flow-through premium will be reversed to share capital. The Company may be required to indemnify the flow-through shareholders for any tax and other costs payable by them if the required exploration expenditures are not incurred before the deadline. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. The related interest and penalties for the Part XII.6 tax and any potential costs to indemnify the shareholders is recorded into penalties and other interest charges on the statements of operations and comprehensive loss.

***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 price on the date of the announcement of the private placement. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus. The value of warrants that expire or are forfeited stays in contributed surplus.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

**3. Significant accounting policies – (cont'd)*****Share-based payment***

The Company operates a 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. The corresponding amount is recorded to the contributed surplus. If the fair value of the goods or services received cannot be reliably measured, 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. The value of options that expire or are forfeited stays in contributed surplus.

***Related party transactions***

Related party transactions 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 financing 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 and include key management of the Company and its parent. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

***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, 2024 and are not expected to have a material impact on the Company.

***Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies***

These amendments continue the IASB's clarifications on applying the concept of materiality which help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023, and the Company is currently evaluating the impact of the amendments on its financial statements.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(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 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.

### **5. Loan receivable**

On October 11, 2022, the Company entered into an agreement with 1254883 B.C. Ltd. ("1254883") whereby the Company advanced \$100,000 to 1254883 to purchase 1,000,000 common shares in the capital of the Company held by Zimtu Capital Corp. The loan is unsecured, non-interest bearing and due nine months from the date of the agreement.

During the year ended August 31, 2023, the parties entered into a loan extension agreement whereby the repayment date was extended to October 11, 2023. The Company received partial payment of the loan during the year and subsequent to August 31, 2023 the remaining balance of the loan was repaid in full.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

**6. Exploration and evaluation assets**

	<b>Serpent River</b>	<b>Wicheeda North</b>	<b>Elliot Lake</b>	<b>Total</b>
August 31, 2021	\$ 2,158,914	\$ 254,650	\$ -	\$ 2,413,564
Cash payment	-	-	10,450	10,450
Disposition	-	-	(10,450)	(10,450)
August 31, 2022	2,158,914	254,650	-	2,413,564
Exploration and evaluation	5,408	2,314	-	7,722
August 31, 2023	\$ 2,164,322	\$ 256,964	\$ -	\$ 2,421,286

The following is a description of the Company's exploration and evaluation assets:

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 Royalty ("NSR") 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% NSR. The Company may acquire one-half of the NSR for \$1 million within five years of the agreement date.

Elliot Lake Property (Ontario)

On November 30, 2021, the Company acquired 100% right, title and interest in 209 mineral claims located in Ontario, Canada, known as the Elliot Lake Property. As consideration the Company paid the vendor \$10,450. On May 31, 2022, the Company disposed of the mineral claims at cost to Marvel.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

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**7. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At August 31, 2023, there were 33,218,597 (2022 – 32,423,597) issued and fully paid common shares.

***Issuances***

During the year ended August 31, 2023:

On December 28, 2022, the Company issued 795,000 units at a price of \$0.14 per unit for total proceeds of \$111,300. Each unit consists of one flow-through common share and a non-flow-through share purchase warrant exercisable into a common share for a period of three years from the date of issuance. Each share purchase warrant is exercisable at a price of \$0.40. The Company recognized a flow-through premium of \$31,800 on the private placement.

During the year ended August 31, 2022:

On March 23, 2022, the Company issued 7,550,000 units at a price of \$0.10 per unit for total proceeds of \$755,000. Each unit consists of one non-flowthrough common share and a non-flowthrough share purchase warrant exercisable into a common share for a period of two years from the date of issuance. Each non-flowthrough 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. In connection with the private placement, the Company paid a cash finders fee of \$5,000.

On March 23, 2022, the Company issued 1,608,846 units at a price of \$0.13 per unit for total proceeds of \$209,150. Each unit consists of one flow-through common shares and a non-flow-through 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 recognized a flowthrough premium of \$48,265.

On February 18, 2022, the Company issued 1,000,000 units at a price of \$0.10 per unit for total proceeds of \$100,000. 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 February 18, 2023 and at a price of \$0.50 per share on or before February 18, 2024.

On November 24, 2021, the Company completed a private placement of 1,030,000 units at a price of \$0.10 per unit for total proceeds 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. In connection with the private placement, the Company paid a cash finders fee of \$5,150.

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**7. Share capital – (cont'd)****Share Purchase Warrants**

The changes in warrants during the years ended August 31, 2023 and 2022 are as follows:

	August 31, 2023		August 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	13,188,846	\$ 0.35	2,000,000	\$ 0.10
Issued	795,000	0.40	11,188,846	0.40
Balance, end of year	13,983,846	\$ 0.28	13,188,846	\$ 0.35

Details of warrants outstanding as at August 31, 2023 are as follows:

Number of warrants	Exercise price	Date of expiry
	\$	
2,000,000	0.10	July 27, 2024
*1,030,000	0.30/0.50	12/24-months following listing date
*1,000,000	0.30/0.50	12/24-months following listing date
*9,158,846	0.30/0.50	12/24-months following listing date
795,000	0.40	December 28, 2025
13,983,846		

\* During the year ended August 31, 2023, the Company extended the terms of an aggregate of 11,188,846 warrants to be exercisable at \$0.30 per warrant until 12 months following the Listing Date and at \$0.50 per warrant thereafter until 24 months following the Listing Date defined as the date on which the Company's shares begin trading on the TSX Venture Exchange.

**Stock options**

On April 19, 2022, the Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

On April 19, 2022, the Company granted 1,750,000 stock options to directors and officers of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option held at \$0.14 per share expiring on April 19, 2027, and vest at the date of grant. The fair value of the stock option of \$122,500 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.10, Risk-free interest rate of 2.64%, Dividend yield of 0%, Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended August 31, 2022, the Company recorded \$122,500 in share-based payments.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

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**7. Share capital – (cont'd)****Stock options – (cont'd)**

On May 12, 2022, 250,000 options expired unexercised.

On June 8, 2022, the Company granted 250,000 stock options to a director of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option held at \$0.14 per share expiring on June 8, 2027, and vest at the date of grant. The fair value of the stock option of \$17,500 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.10, Risk-free interest rate of 3.17%, Dividend yield of 0%, Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended August 31, 2022, the Company recorded \$17,500 in share-based payments.

On June 13, 2022, the Company granted 250,000 stock options to a director of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option held at \$0.14 per share expiring on June 13, 2027, and vest at the date of grant. The fair value of the stock option of \$17,500 was determined using the Black -Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.10, Risk-free interest rate of 3.17%, Dividend yield of 0%, Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended August 31, 2022, the Company recorded \$17,500 in share-based payments.

On May 8, 2023, 100,000 options expired unexercised.

The changes in stock options during the years ended August 31, 2023 and 2022 are as follows:

	August 31, 2023		August 31, 2022	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Balance, beginning of year	2,000,000	\$ 0.14	-	\$ -
Granted	-	-	2,250,000	0.14
Cancelled	(100,000)	0.14	(250,000)	0.14
Balance, end of year	1,900,000	\$ 0.14	2,000,000	\$ 0.14

Details of options outstanding and exercisable as at August 31, 2023 are as follows:

Number of stock options	Exercise price \$	Date of expiry
1,400,000	0.14	April 19, 2027
250,000	0.14	June 8, 2027
250,000	0.14	June 13, 2027
1,900,000		

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

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

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

	<b>August 31, 2023</b>	<b>August 31, 2022</b>
<u>Current accounts payable and accrued liabilities</u>		
R7 Capital Ventures Ltd. controlled by CEO	\$ -	\$ 90,000
	<u>\$ -</u>	<u>\$ 90,000</u>
<u>Non-current accounts payable and accrued liabilities</u>		
R7 Capital Ventures Ltd. controlled by CEO	\$ 153,000	\$ -
	<u>\$ 153,000</u>	<u>\$ -</u>

Current accounts payable and accrued liabilities include \$nil (2022 - \$90,000) due to R7 Capital Ventures Ltd (the "Lender"), a company controlled by the CEO. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

On April 1, 2023, the Company entered into a debt amendment agreement with the Lender. The Lender has agreed to not seek repayment of the debt of \$153,000 repayable 15-months following the date the company's common shares begin trading on the TSXV. No interest will be accrued on the debt unless it is not repaid by the payment date, in which case retroactive interest at a rate of 7.5% per annum will apply from the date of the agreement.

On June 15, 2022, the Company entered into a loan agreement with Marvel to borrow \$100,000 which is unsecured, bears interest at 7.5% per annum and will be repaid the earlier of five business days following the Company's first equity financing of at least \$1,000,000 or thirteen months following the date of this agreement. On February 7, 2023, the Company repaid the \$100,000 to Marvel and Marvel agreed to waive the interest. Accordingly, the Company recorded a write-off of interest payable of \$4,891 to the statements of operations as at August 31, 2023.

Included in due to related party at August 31 2023 is \$6,801 for payment of invoices by Marvel on behalf of Power One. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. At August 31, 2022, an amount was due from Marvel of \$9,960 for the purchase of Elliot Lake net of expense reimbursement. The amounts included in accounts payable and accrued liabilities and due to/from related party are unsecured, non-interest bearing and have no fixed terms of repayment.

On December 12, 2022, the Company was issued 95,000 Marvel shares valued at \$0.11 per share for an aggregate value of \$10,450 to settle the balance due from Marvel at August 31, 2022.

**POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

**8. Related party transactions – (cont'd)*****Key management personnel compensation***

The Company's related parties include key management personnel, which includes Officers and Directors of the Company, and companies related by way of directors or shareholders in common. During the years ended August 31, 2023 and 2022 management compensation is as follows:

	<b>For the year ended August 31, 2023</b>	<b>For the year ended August 31, 2022</b>
Consulting and management fees	\$ 60,000	\$ 120,000
Share-based payments	-	157,500
	<b>\$ 60,000</b>	<b>\$ 277,500</b>

**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. 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 and the fair value of its marketable securities.

**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, 2023 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.

## **POWER ONE RESOURCES CORP.**

Notes to the Financial Statements

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

#### Capital Management – (cont'd)

The Company includes cash and equity in the definition of capital. Equity is comprised of issued common shares, contributed surplus, 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 year ended August 31, 2023.

#### 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 and marketable securities are measured using level 1 fair value hierarchy.

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

### **10. Other income**

#### *Flow-through*

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures within 24-month period. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended August 31, 2022, the Company received \$209,150 from the issuance of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. A flow-through premium of \$48,265 was recognized initially.

During the year ended August 31, 2023, the Company received \$111,300 from the issuance of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. A flow-through premium of \$31,800 was recognized initially.

During the year ended August 31, 2023, the Company recognized \$1,782 (2022 - \$Nil) as other income for a remaining flow-through premium liability of \$78,283 as at August 31, 2023 (August 31, 2022 - \$48,265), with a commitment to incur another \$314,883 in exploration expenditures by December 31, 2023.

**POWER ONE RESOURCES CORP.**

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**11. 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>2023</b>	<b>2022</b>
Net loss before income taxes for the year	\$ (149,756)	\$ (346,007)
Statutory Canadian corporate tax rate	27.00%	27.00%
Expected (recovery) at statutory rate	(40,400)	(93,400)
Permanent difference	400	42,500
Change in unrecognized deferred tax assets	40,000	50,900
Income tax recovery	\$ -	\$ -

The following is the analysis of recognized deferred tax assets and liabilities:

	<b>2023</b>	<b>2022</b>
Deferred tax liabilities		
Resource properties	\$ (87,000)	\$ -
Deferred tax liabilities	(87,000)	-
Deferred tax assets		
Non-capital losses	87,000	-
Deferred tax assets	87,000	-
Net deferred tax assets (liabilities)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>Expiry</b>	<b>2023</b>	<b>2022</b>
		\$	\$
Share issuance costs	2024 - 2026	6,000	8,000
Non-capital losses	2041 - 2043	95,000	269,000
Marketable securities	none	6,000	-

**12. Subsequent event**

On October 25, 2023, the loan receivable was repaid in full.