

POWER ONE RESOURCES CORP.

**Condensed Interim Financial Statements
For the nine months ended May 31, 2023
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended May 31, 2023 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

POWER ONE RESOURCES CORP.

Condensed Interim Statements of Financial Position

As at May 31, 2023 and August 31, 2022

(Expressed in Canadian dollars)

(Prepared by Management)

	May 31, 2023	August 31, 2022
	<u>(unaudited)</u>	<u>(audited)</u>
ASSETS		
Current		
Cash	\$ 950,215	\$ 1,130,143
Marketable securities (Note 10)	8,075	-
Amount receivable	321	2,530
Loan receivable (Note 5)	100,393	-
Due from related party (Note 8)	-	9,960
	1,059,004	1,142,633
Exploration and evaluation assets (Note 6)	2,421,286	2,413,564
	\$ 3,480,290	\$ 3,556,197
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 81,765	\$ 190,720
Premium on flow-through (Note 11)	78,283	48,265
Loan payable (Note 8)	-	101,603
	160,048	340,588
Long term debt		
Accounts payable – long term (Note 8)	153,000	-
	313,048	340,588
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	3,561,799	3,482,299
Contributed surplus	157,500	157,500
Deficit	(552,057)	(424,190)
	3,167,242	3,215,609
	\$ 3,480,290	\$ 3,556,197

Going concern (Note 1)

Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on July 31, 2023:

/s/ Karim Rayani

/s/ Fraser Rieche

Karim Rayani

Fraser Rieche

POWER ONE RESOURCES CORP.

Condensed Interim Statements of Operations and Comprehensive Loss

For the three and nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended May 31,		For the nine months ended May 31,	
	2023	2022	2023	2022
Expenses				
Consulting fees	\$ -	\$ -	\$ 425	\$ -
Management fees (Note 8)	-	30,000	60,000	90,000
Office and miscellaneous	-	50	365	795
Filing fees	-	3,960	10,732	5,339
Professional fees	32,284	18,580	43,748	3,000
Share-based payments	-	122,500	-	122,500
Transfer agent	750	2,730	10,358	11,608
Total operating expenses	33,034	177,820	125,628	251,822
Loss before other items:	(33,034)	(177,820)	(125,628)	(251,822)
Other items				
Interest expense (Note 8)	(3,148)	-	(6,537)	-
Loss on fair value of marketable securities	(2,375)	-	(2,375)	-
Other income (Note 11)	-	-	1,782	-
Write-off of interest payable (Note 8)	-	-	4,891	-
Total other items	(5,523)	-	(2,239)	-
Net loss and comprehensive loss for the period	\$ (38,557)	\$ (177,820)	\$ (127,867)	\$ (251,822)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	33,218,597	30,133,886	32,872,059	24,632,555

The accompanying notes are an integral part of these condensed interim financial statements

POWER ONE RESOURCES CORP.

Condensed Interim Statements of Changes in Shareholders' Equity

For the nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Number of shares	Share capital	Share subscription received (receivable)	Contributed surplus	Deficit	Total shareholders' equity
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	(165,000)	-	-	1,002,150
Premium on Flow-through	-	(48,265)	-	-	-	(48,265)
Share issue cost	-	(10,150)	-	-	-	(10,150)
Share-based payments	-	-	-	122,500	-	122,500
Net loss and comprehensive loss for the period	-	-	-	-	(251,822)	(251,822)
Balance, May 31, 2022	32,423,597	\$ 3,482,299	\$ (100,000)	\$ 122,500	\$ (330,005)	\$ 3,174,794
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	-	(31,800)	-	-	-	(31,800)
Net loss and comprehensive loss for the period	-	-	-	-	(127,867)	(127,867)
Balance, May 31, 2023	33,218,597	\$ 3,561,799	\$ -	\$ 157,500	\$ (552,057)	\$ 3,167,242

The accompanying notes are an integral part of these condensed interim financial statements

POWER ONE RESOURCES CORP.
Condensed Interim Statements of Cash Flows
For the nine months ended May 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited- Prepared by Management)

	For the nine months ended May 31,	
	2023	2022
Operating Activities		
Net loss for the period	\$ (127,867)	\$ (251,822)
Items not affecting cash		
Share-based payments	-	122,500
Loss on fair value of marketable securities	2,375	-
Interest expense	3,288	-
Other income	(1,782)	-
Write-off of interest payable	(4,891)	-
Changes in non-cash working capital items related to operations:		
Amount receivable	2,209	(5,793)
Prepaid expenses	-	36,000
Accounts payable and accrued liabilities	44,045	(26,259)
Due from/to related party	(490)	(10,450)
Cash used in operating activities	(83,113)	(135,824)
Investing Activity		
Other receivable	(100,393)	-
Exploration and evaluation assets	(7,722)	-
Cash used in investing activity	(108,115)	-
Financing Activities		
Repayment of loan	(100,000)	-
Issuance of common shares - Net	111,300	1,002,150
Share issue cost – cash	-	(10,150)
Cash provided by financing activities	11,300	992,000
Change in cash during the period	(179,928)	856,176
Cash, beginning of period	1,130,143	65,762
Cash, end of the period	\$ 950,215	\$ 921,937
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash investing and financing activities		
Settlement of due from related party by receipt of marketable securities	\$ 10,450	\$ -

The accompanying notes are an integral part of these condensed interim financial statements

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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 1903 - 808 Nelson Street Vancouver, British Columbia V6Z 2H2.

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 May 31, 2023, the Company was in the exploration stage and had interests in properties in Canada.

These condensed interim 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 May 31, 2023, the Company had a working capital of \$898,956 (August 31, 2022 - \$802,045) and accumulated deficit of \$552,057 (August 31, 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, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the 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 Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. Basis of preparation

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on July 31, 2023.

Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

3. Significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at August 31, 2022. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended August 31, 2022.

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

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.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

4. Critical accounting estimates and judgments – (cont'd)

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.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

6. Exploration and evaluation assets

	Canada			Total
	Serpent River	Wicheeda	Elliot Lake	
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 expenditures	5,408	2,314	-	7,722
May 31, 2023	\$ 2,164,322	\$ 256,964	\$ -	\$ 2,421,286

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 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 (Note 8).

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

Unlimited number of common shares without par value.

Issued share capital

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

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

7. Share capital – (cont'd)***Issuances***

During the nine months ended May 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 is committed to incur within a 24-month period a total of \$111,300 of qualifying Canadian Exploration Expenses (“CEE”) as described in the Income Tax Act of Canada. 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 flow-through premium of \$48,265. The Company is committed to incur within a 24-month period a total of \$209,150 of qualifying Canadian Exploration Expenses (“CEE”) as described in the Income Tax of Canada.

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.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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

The changes in warrants during the nine months ended May 31, 2023, and for the year ended August 31, 2022 are as follows:

	May 31, 2023		August 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of period	13,188,846	\$ 0.35	2,000,000	\$ 0.10
Issued	795,000	0.40	11,188,846	0.40
Balance, end of period	13,983,846	\$ 0.44	13,188,846	\$ 0.35

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

Number of warrants	Exercise price \$	Date of expiry
2,000,000	0.10	July 27, 2024
1,030,000	0.50	November 24, 2023
1,000,000	0.50	February 18, 2024
9,158,846	0.50	March 23, 2024
795,000	0.40	December 28, 2025
13,983,846		

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.

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.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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

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.

The changes in stock options during the nine months ended May 31, 2023 and for the year ended August 31, 2022 are as follows:

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

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

Number of stock options	Exercise price \$	Date of expiry
1,500,000	0.14	April 19, 2027
250,000	0.14	June 8, 2027
250,000	0.14	June 13, 2027
2,000,000		

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

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

	May 31, 2023	August 31, 2022
<u>Current accounts payable and accrued liabilities</u>		
R7 Capital Ventures Ltd. controlled by CEO (Note 12)	\$ 153,000	\$ 90,000
Marvel Discovery Corp., common directors	490	-
	490	90,000
<u>Long-term accounts payable</u>		
R7 Capital Ventures Ltd. controlled by CEO (Note 12)	\$ 153,000	\$ -
	\$ 153,000	\$ -

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

8. Related party transactions – (cont'd)

On April 1, 2023, the Company entered into a debt amendment agreement with R7 Capital Ventures Ltd, a company controlled by the CEO (“Lender”). The Lender has agreed to not seek repayment of the debt of \$153,000 prior to 18 months from the date of this agreement (“payment date”). 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.

Included in due from related party at May 31, 2023 is \$Nil (August 31, 2022 – \$9,960) due from Marvel for purchase of Elliot Lake net of expense reimbursement. The amounts included in accounts payable and accrued liabilities and due from related party are unsecured, non-interest bearing and have no fixed terms of repayment.

On November 29, 2022, the Company entered into a debt settlement subscription agreement with Marvel whereby the Company agreed to accept 95,000 units of Marvel in full satisfaction of the \$10,450 balance owing from Marvel at year-end. Each unit consists of one common share and one warrant. Each warrant is exercisable into an additional common share of Marvel at a price of \$0.18 per warrant for a period of two years from the date of issuance. The units were issued on December 12, 2022. (Note 10)

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 \$4,890 to the condensed interim statements of operations and comprehensive loss as at May 31, 2023.

Key management personnel compensation

The Company’s related parties include key management personnel, which includes current and former Officers and Directors of the Company, and companies related by way of directors or shareholders in common. During the nine months ended May 31, 2023 and 2022 are as follows:

	For the nine months ended	
	May 31,	
	2023	2022
Management fees	\$ 60,000	\$ 90,000
Share-based payments	-	122,500
	\$ 60,000	\$ 212,500

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 is exposed to credit risk with respect to amounts receivable and loan receivable and the maximum exposure is its carrying amount on the statement of financial position.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. Financial risk management – (cont'd)**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. The impact of changes in market prices on its marketable securities is not significant due to its immaterial balance.

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 May 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 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 period ended May 31, 2023.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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 and common shares of Marvel are measured using level 1 fair value hierarchy. Warrants of Marvel are measured using level 2 fair value hierarchy.

Management believes that the recorded values of all cash, amounts receivable, loan receivable, marketable securities, accounts payable and accrued liabilities and loan payable, approximate their current fair values because of their nature and anticipated settlement dates.

10. Marketable Securities

Marketable securities are fair valued at the end of each reporting period. The fair value of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. For public company warrants (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as the Black-Scholes model are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security. To the extent that the market inputs are insufficient or unreliable, the warrants are valued at their intrinsic value, which is equal to the higher of the closing price of the underlying security less the exercise price of the warrant, or nil.

Investment	Number of share held	Investment Cost	Fair Value at	Number of share held	Investment Cost	Fair Value at
			May 31, 2023			August 31, 2022
	#	\$	\$	#	\$	\$
Public Company						
Marvel Discovery Corp	95,000	10,450	6,175	-	-	-
Marvel – Warrants	-	-	1,900	-	-	-
Total	95,000	10,450	8,075	-	-	-

Marvel Discovery Corp

Pursuant to the debt settlement agreement on November 29, 2022, the Company received 95,000 units of Marvel on December 12, 2022. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to subscribe for one common share of Marvel at a price of \$0.18 per share for a period of two years from issuance. On the date of issuance, the received 95,000 units were valued at the market price of \$0.09 per unit, being the price of Marvel's concurrent private placement at the time these units were issued, for a value of \$10,450.

As at May 31, 2023, the common shares were valued at \$0.065 based on their trading price and the warrants were valued at \$1,900 using volatility of 112%, interest rate of 4.22%, share price of \$0.065, expected life of 1.5 years and dividend yield of 0.00%.

POWER ONE RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

11. Income taxes

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 nine months ended May 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 nine months ended May 31, 2023, the Company recognized \$1,782 as other income and a remaining flow-through premium of \$78,283 as at May 31, 2023 with a commitment to incur another \$312,728 in exploration expenditures.