

Longhorn Exploration Corp.

Condensed Interim Financial Statements

For the Three and Nine Months Ended May 31, 2022

(unaudited)

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

LONGHORN EXPLORATION CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Note	May 31, 2022 (Unaudited) \$	August 31, 2021 (Audited) \$
ASSETS			
Current assets			
Cash		491,833	130,356
Goods and services tax receivable		5,483	-
Prepaid expense	5	1,750	-
		499,066	130,356
Exploration and evaluation assets	4	242,538	130,291
TOTAL ASSETS		741,604	260,647
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	25,473	77,671
EQUITY			
Share capital	5	764,130	204,000
Reserves		21,800	-
Accumulated deficit		(69,799)	(21,024)
		716,131	182,976
TOTAL LIABILITIES AND EQUITY		741,064	260,647

The accompanying notes are integral to these condensed interim financial statements.

Approved on Behalf of the Board of Directors on July 15, 2022.

/s/ Anthony Zelen
Director

/s/ Peter Dyakowski
Director

LONGHORN EXPLORATION CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars - Unaudited)

Share Capital						
	Note	Number of Class A Common Shares	Amount	Reserves	Accumulated Deficit	Total
			\$	\$	\$	\$
Founders shares issued on incorporation (April 27, 2021)	5	650,000	6,500	-	-	6,500
Net loss for the period		-	-	-	(8)	-
Balance, May 31, 2021		650,000	6,500	-	(8)	6,492
Balance, August 31, 2021		4,600,000	204,000	-	(21,024)	182,976
Private placement	5	3,448,000	654,600	-	-	654,600
Finder's fees – cash			(46,675)	-	-	(46,675)
Finder's fees – broker warrants			(21,800)	21,800	-	-
Other share issuance costs			(97,995)	-	-	(97,995)
Issued for mineral property option		400,000	72,000	-	-	72,000
Net loss for the period		-	-	-	(48,775)	(48,775)
Balance, May 31, 2022		8,448,000	764,130	21,800	(69,799)	716,131

The accompanying notes are integral to these condensed interim financial statements.

LONGHORN EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended May 31, 2022	For the nine months ended May 31, 2022	From April 27, 2021 (date of incorporation) to May 31, 2021
		\$	\$	\$
EXPENSES				
Consulting		2,500	2,500	
Office and administrative		1,048	1,688	8
Professional fees (recovery)	6	4,250	14,855	-
Regulatory and filing		8,912	29,732	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(16,710)	(48,775)	(8)
Weighted Average Number of Shares Outstanding		5,852,783	5,273,099	650,000
Basic and Diluted Loss Per Share		(0.00)	(0.01)	(0.00)

The accompanying notes are integral to these condensed interim financial statements.

LONGHORN EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended May 31, 2022	From April 27, 2021 (date of incorporation) to May 31, 2021
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net Loss for the period	(48,775)	(8)
Changes in non-cash working capital item:		
Goods and services tax receivable	(5,483)	-
Prepaid expense	(1,750)	-
Accounts payable and accrued liabilities	(52,199)	-
	(108,207)	-
CASH FLOWS USED IN INVESTING ACTIVITIES		
Mineral property acquisition	(20,000)	-
Exploration and evaluation expenditures	(20,247)	-
	(40,247)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	654,600	6,500
Share issuance costs and finder's fees	(144,670)	-
	509,930	6,500
Net increase in cash	361,476	6,492
Cash, beginning of the period	130,356	-
Cash, end of the period	491,832	6,492
Supplemental information:		
Shares issued for mineral property	72,000	-
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are integral to these condensed interim financial statements.

LONGHORN EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2022
(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS

Longhorn Exploration Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 27, 2021, and is primarily engaging in mineral exploration activities in British Columbia, Canada. On May 9, 2022, the Company completed its initial public offering ("IPO") and then commenced trading on the TSX Venture Exchange ("TSXV") on May 12, 2022 under the trading symbol "LEX". The head office and the principal address of the Company are located at 228 – 1122 Mainland Street, Vancouver, BC V6B 5L1, Canada.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at May 31, 2022, the Company had a net loss of \$48,775, working capital of \$473,593, had not advanced its mineral properties to commercial production, and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful exercise of its mineral property option agreement, results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These uncertainties may cast a significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with its proceeds from its initial public offering of its shares (Note 5), loans from directors and companies controlled by directors and/or additional private placement of common shares. These financial statements do not include any adjustments that might result from this uncertainty. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activities, including that of the Company. At this time, it is not possible to predict the duration or magnitude of the adverse results of the outbreak; however, management believes that the impact to the Company will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions as well as its ability to raise financing. There has been no material disruption to the Company's current operations to date. The Company's current focus is on its project located in British Columbia, Canada and as a result, access to the property is not prohibited. The Company may consider acquisitions of other resource projects in foreign or domestic jurisdictions in the future.

2. BASIS OF PRESENTATION

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 3, 2022, the date the Board of Directors approved the statements.

2. BASIS OF PRESENTATION (continued)

Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgements concerning the future. The Company's management reviews these estimates and judgements on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant estimates and judgements about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates and judgements made, relate to, but are not limited to the following:

Ability to continue as a going-concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Recoverability of the carrying value of exploration and evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

Mining exploration flow-through expenditures

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 3 to the annual financial statements for the period ended August 31, 2021.

LONGHORN EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2022
(Expressed in Canadian Dollars - Unaudited)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the following accumulated expenditures:

	Fame Project
	\$
Balance at April 27, 2021 (date of incorporation)	-
Acquisition costs	20,000
Airborne survey	90,000
Camp costs	1,662
Geological Reports	10,800 7,829
Balance at August 31, 2021	130,291
Acquisition costs	92,000
Interpretation/Analysis Reports	20,247
Balance at May 31, 2022	242,538

Fame Project

On May 10, 2021, as amended, the Company entered into a purchase option agreement (“Option Agreement” or “Option”) with Chris Dyakowski (“Optionor”), whereby the Company was granted exclusive rights to acquire 100% of the Optionor’s 11 mining claims located in the Chilcotin, British Columbia, Canada.

In order to exercise the option, the Company must meet the following commitments:

- a. Pay to the Optionor an aggregate of \$300,000 as follows:
 - i. \$20,000 within 60 days after execution of the Option Agreement (paid);
 - ii. \$20,000 within 10 days of listing on a Canadian stock exchange (paid);
 - iii. \$75,000 on or before the 18-month anniversary of listing on a Canadian stock exchange;
 - iv. \$60,000 on or before the 24-month anniversary of listing on a Canadian stock exchange; and
 - v. \$125,000 on or before the 36-month anniversary of listing on a Canadian stock exchange.

- b. Issue to the Optionor an aggregate of 3,000,000 common shares of the Company as follows:
 - i. 400,000 shares within 10 days of listing on a Canadian stock exchange (issued);
 - ii. 600,000 shares on or before the 18-month anniversary of listing on a Canadian stock exchange;
 - iii. 1,000,000 shares on or before the 24-month anniversary of listing on a Canadian stock exchange; and
 - iv. 1,000,000 shares on or before the 36-month anniversary of listing on a Canadian stock exchange.

Incur no less than \$2,000,000 of exploration expenditures as follows:

- i. \$200,000 on or before 12-month anniversary of listing on a Canadian stock exchange;
- ii. an additional \$600,000 on or before the 24-month anniversary of listing on a Canadian stock exchange; and
- iii. an additional \$1,200,000 on or before the 36-month anniversary of listing on a Canadian stock exchange.

If the Company exercises the Option and acquires 100% rights, title and interest in the claims, the Optionor will be entitled to 2.0% net smelter royalty (one-half of which may be repurchased for \$500,000).

5. SHARE CAPITAL

Authorized:

Unlimited number of fully paid Class A common shares without par value and with voting rights ("Common shares").
Unlimited number of Class B preferred shares (none outstanding).

Issued:

For the period ended May 31, 2022

On May 9, 2022, the Company completed its IPO through the issuance 2,148,000 common shares at a price of \$0.20 per common share and 800,000 flow-through common shares at a price of \$0.25 per flow-through share, for aggregate gross proceeds of \$629,600. The Company's common shares were listed on May 9, 2022 and commenced trading on May 12, 2022. Pursuant to the IPO, the Agent received a cash commission of \$46,675 and an aggregate of 219,855 non-transferable common share purchase warrants entitling the Agent and members of its selling group to purchase 219,855 common shares at \$0.20 per common share at any time until May 9, 2024.

On October 14, 2021, the Company completed a private placement of 500,000 common shares at \$0.05 per share for total proceeds of \$25,000.

From April 27, 2021 (date of incorporation) to August 31, 2021

On incorporation on April 27, 2021, the Company issued 650,000 founders shares at a price of \$0.01 per share for gross proceeds of \$6,500.

Pursuant to a private placement, on June 3, 2021, the Company issued 2,200,000 flow through common shares at a price of \$0.05 per share for gross proceeds of \$110,000. All proceeds were allocated to the share capital. There was \$nil proceeds allocated to the flow through premium.

Pursuant to a private placement, on June 30, 2021, the Company issued 1,600,000 common shares at a price of \$0.05 per share for gross proceeds of \$80,000.

Pursuant to a private placement, on July 7, 2021, the Company issued 150,000 common shares at a price of \$0.05 per share for gross proceeds of \$7,500.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2022
(Expressed in Canadian Dollars - Unaudited)

5. SHARE CAPITAL (continued)

Warrants

A continuity schedule of warrants is as follows:

	Number of options	Weighted average exercise price (\$)
Warrants outstanding, April 27, 2021 (date of incorporation)	-	-
Warrants outstanding, August 31, 2021	-	-
Warrants outstanding, May 31, 2022	219,855	0.20

Details of outstanding warrants at May 31, 2022 are as follows:

Exercise Price	Expiration Date	Number of warrants
\$0.20	May 9, 2024	219,855

As at May 31, 2022, the weighted average remaining contractual life of the warrants was 1.94 years.

6. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

	For the nine months ended May 31, 2022	From April 27, 2021 (date of incorporation) to May 31, 2021
	\$	\$
Share capital	12,500	-
Office and administrative	500	-
Professional fees (recovery)	(3,000)	-

As at May 31, 2022, \$2,625 (August 31, 2021 - \$5,000) was owing to Ryan Cheung, the Chief Financial Officer of the Company, for professional fees and office rent. During the month of March 2022, \$5,000 of historical professional fees were forgiven by the Chief Financial Officer with \$2,000 in professional fees charged in the month of May 2022. In addition, \$12,500 was paid to the Chief Financial Officer for professional services directly related to the IPO and has been included as a reduction of share capital. Any balances that would have been owing to related parties would be unsecured, would not bear interest, and would have no fixed terms of payments.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

The fair values of the Company's financial instruments are not materially different from their carrying values due to the short-term maturity nature of the financial instruments. Cash is measured using level 1 hierarchy.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. The Company's accounts payable and accrued liabilities are due within 90 days of May 31, 2022. Liquidity risk has been assessed as being low. The Company is not exposed to significant liquidity risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not exposed to significant market risk.

Currency Risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any

derivatives or contracts to hedge or otherwise mitigate this exposure. The Company is not exposed to significant currency risk.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to significant price risk.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the period. The Company is actively looking to acquire an interest in a business or assets, and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavors and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

8. SEGMENTED INFORMATION

The Company operates in one business segment being the exploration and development of resource properties. All assets of the Company are located in Canada.