

ORCUS RESOURCES LTD.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

For the year ended March 31, 2022

*And for the period from the date of incorporation
(September 28, 2020) to March 31, 2021*

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Orcus Resources Ltd.

Opinion

We have audited the financial statements of Orcus Resources Ltd. which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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 of the accompanying financial statements, which indicates that a material uncertainty exists 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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. 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 these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
July 27, 2022

ORCUS RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at March 31, 2022 and 2021

	March 31, 2022	March 31, 2021
ASSETS		
Current		
Cash	\$ 247,551	\$ 94,643
Other (Note 5)	8,853	2,151
	<u>\$ 256,404</u>	<u>\$ 96,794</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 34,584	\$ 7,000
	<u>34,584</u>	<u>7,000</u>
Shareholders' equity		
Share capital (Note 6)	354,259	105,000
Reserves (Note 6c)	68,385	-
Deficit	<u>(200,824)</u>	<u>(15,206)</u>
	<u>221,820</u>	<u>89,794</u>
	<u>\$ 256,404</u>	<u>\$ 96,794</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

Approved and authorized for issue by the Board of Directors on July 27, 2022:

“Deepak Varshney” CEO
Deepak Varshney

“Navin Varshney” Director
Navin Varshney

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

ORCUS RESOURCES LTD.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

	Year ended March 31, 2022	Incorporation to March 31, 2021
EXPENSES		
Consulting fees	\$ 6,006	\$ -
Office and miscellaneous	1,391	351
Professional fees	79,469	14,364
Regulatory and filing fees	51,111	491
Rent and administration charges	9,000	-
Share-based payments (Note 6c)	38,641	-
	<hr/> 185,618	<hr/> 15,206
Loss and comprehensive loss for the period	<hr/> \$ 185,618	<hr/> \$ 15,206
Basic and diluted loss per common share	<hr/> \$ 0.10	<hr/> \$ 15,206.00
Weighted average number of common shares outstanding	<hr/> 1,950,685	<hr/> 1

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

ORCUS RESOURCES LTD.**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

	Share Capital (Note 6)				Reserves	Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance, September 28, 2020	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Issuance of common shares	1	-	-	-	-	-	
Proceeds from share issuance	2,099,999	105,000	-	-	-	105,000	
Loss and comprehensive loss for the period	-	-	-	(15,206)	-	(15,206)	
Balance, March 31, 2021	2,100,000	\$ 105,000	\$ -	\$ (15,206)	\$ -	\$ 89,794	
Initial public offering (Note 6b)	4,400,000	420,000	-	-	-	420,000	
Share issue costs (Note 6b)	-	(170,741)	29,744	-	-	(140,997)	
Reserves (Note 6c)	-	-	38,641	-	-	38,641	
Loss and comprehensive loss for the year	-	-	-	(185,618)	-	(185,618)	
Balance, March 31, 2022	6,500,000	\$ 354,259	\$ 68,385	\$ (200,824)	\$ -	\$ 221,820	

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

ORCUS RESOURCES LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the year ended March 31, 2022 and for the period from the date of
incorporation (September 28, 2020) to March 31, 2021

	Year ended Mar 31, 2022	Incorporation to March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	\$ (185,618)	\$ (15,206)
Adjustments for non-cash items:		
Share based payments	38,641	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	27,584	7,000
Other	(6,702)	(2,151)
Net cash used in operating activities	<u>(126,095)</u>	<u>(10,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	<u>279,003</u>	<u>105,000</u>
Net cash provided by financing activities	<u>279,003</u>	<u>105,000</u>
Change in cash for the year	152,908	94,643
Cash, beginning of year	<u>94,643</u>	<u>-</u>
Cash, end of year	<u>\$ 247,551</u>	<u>\$ 94,643</u>
Cash paid during the year for interest	<u>-</u>	<u>-</u>
Cash paid during the year for income taxes	<u>-</u>	<u>-</u>

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

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

1. NATURE AND CONTINUANCE OF OPERATIONS

Orcus Resources Ltd. (the "Company", or "Orcus") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* on September 28, 2020. The Company was classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 on October 5, 2021. The Company will not carry on any business other than the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction which will be subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's head office address is 93 Ridley Blvd, Toronto, Ontario, Canada, M5M 3L6. The registered and records office address is 400-725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

On October 5, 2021, the Company completed its initial public offering (the "Offering") and issued 4,000,000 common shares (the "Shares"), representing the maximum number of Shares issuable pursuant to the Offering, for gross proceeds of \$400,000. The Company's common shares were listed on the TSX-V and immediately halted pending closing of the Offering. The common shares commenced trading on the TSX-V on October 7, 2021 under the trading symbol "ORCS.P".

The Company entered into a letter of intent on November 1, 2021, with Western Metallica Corp. ("Western Metallica") to complete a business combination by way of a share exchange (the "Transaction"). The Transaction constitutes Orcus's Qualifying Transaction under the CPC Policy of the TSX Venture Exchange.

On November 23, 2021, the Company announced that Western Metallica closed a brokered private placement of subscription receipts in connection with the proposed Transaction by issuing 26,667,000 subscription receipts at a price of \$0.30 per subscription receipt for aggregate gross proceeds of \$8,000,100 ("Subscription Receipts").

The gross proceeds from the sale of the Subscription Receipts, less the Agents' commission and expenses and an initial advance to Western Metallica of \$750,000 paid at the closing of the Offering are being held in escrow by Endeavor Trust Corporation ("Endeavor") in accordance with a subscription receipt agreement dated November 23, 2021 among Western Metallica, Endeavor and Clarus Securities Inc. and will be released to Western Metallica upon satisfaction and/or waiver of certain escrow release conditions (the "Escrow Release Conditions"), including completion of all conditions precedent to the Transaction. If the Escrow Release Conditions are satisfied or waived on or before April 23, 2022, the escrowed proceeds from the Offering will be released to Western Metallica. If the Escrow Release Conditions are not satisfied or waived by that date or the Transaction is terminated prior thereto, the gross proceeds and pro rata entitlement to interest earned on the escrowed proceeds will be paid to the holders of the Subscription Receipts.

Upon satisfaction of the Escrow Release Conditions, each Subscription Receipt will be automatically exchanged, without any further action by its holder, and for no additional consideration, for one common share of Western Metallica Resources Corp. (a "WMR Share") and one-half-of-one share purchase warrant of Western Metallica Resources Corp. (a "WMR Warrant"). Each whole WMR Warrant entitles the holder to acquire one WMR Share at a price of \$0.45 for a period of 2 years.

On April 13, 2022, the escrow conditions were satisfied, and funds held in escrow were released to Western Metallica.

On December 23, 2021, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Western Metallica and 1000055944 Ontario Inc. ("Subco"), a wholly owned subsidiary of the Company, incorporated for the purpose of completing the Transaction. Following the completion of the Transaction, Orcus will continue on the business of Western Metallica under the name "Western Metallica Resources Corp." (the "Resulting Issuer"). For financial reporting purposes, the Transaction will be presented as a reverse acquisition of Orcus by Western Metallica.

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

Under the Amalgamation Agreement, each holder of common shares of Western Metallica (“Western Metallica Shares”) will receive one common share of the Resulting Issuer for each Western Metallica Share held. All outstanding convertible securities of Western Metallica immediately prior to closing of the amalgamation, including warrants of Western Metallica, will be exchanged or replaced with convertible securities of the Resulting Issuer.

The Transaction was completed subsequent to the year end on April 13, 2022. In connection with the completion of the Transaction, the Company’s common shares have been listed and admitted to trading on the TSX Venture Exchange (the “TSXV”) as of April 19, 2022 and commencing to trade as of the open on April 19, 2022, under the symbol “WMS”.

The Company has incurred losses since inception and its continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business and obtain the necessary financing to do so, within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory and other approvals. These conditions indicate the existence of a material uncertainty that may cast significant doubt of the Company’s ability to continue as a going concern. Subsequent to March 31, 2022, Orcus completed a Qualifying Transaction under the CPC Policy of the TSX Venture Exchange.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

In March 2020, the World Health Organization declared the COVID-19 illness, caused by the novel coronavirus, to be a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. For the year ended March 31, 2022, the global pandemic has not had a significant effect on the Company’s operations. Management continues to monitor the situation.

2. BASIS OF PREPARATION

a) Statement of compliance and basis of presentation

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

The financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

b) Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

2. BASIS OF PREPARATION (continued)

b) Significant accounting estimates and judgements (continued)

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

Share-based payments

Management determines costs for share-based payments issued in financing transactions using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

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

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

The Company classifies its financial instruments into one of the following categories, depending on the purpose for which the instrument was acquired. The Company's accounting policy for each category is as follows:

Financial assets

Fair value through profit or loss ("FVTPL")

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon de-recognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise. The Company classifies its cash as FVTPL.

Fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon de-recognition. Realized gains and losses recognized upon de-recognition remain within accumulated other comprehensive income. The Company does not have any financial assets classified as FVOCI.

Amortized cost

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized. The Company does not have any financial assets classified as amortized cost.

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)**

Financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method.

The Company does not have any financial liabilities classified as amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of loss and comprehensive loss. The Company does not have any financial liabilities as FVTPL.

The Company has no hedging arrangements and does not apply hedge accounting.

4. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements Adopted During the Year

The Company did not adopt any accounting pronouncements during the year that had a material impact on these financial statements.

New Accounting Standards Issued But Not Yet Effective

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

During the year ended March 31, 2022, the Company was not required to, and has not adopted any new standards, interpretations, amendments, and improvements to existing standards which had a material impact on the Company's financial statements. The Company also does not expect the adoption of any currently announced new standards, interpretations, amendments, and improvements to existing standards to have a material impact on the Company's financial statements.

5. OTHER

	March 31, 2022	March 31, 2021
Prepaid expenses	\$ -	\$ 1,801
GST recoverable	8,853	350
	\$ 8,853	\$ 2,151

6. SHARE CAPITAL AND RESERVES**a) Authorized:**

Unlimited common shares with no par value.

ORCUS RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

6. SHARE CAPITAL AND RESERVES (continued)**b) Issued:**

During the period from incorporation to March 31, 2021, the Company issued 2,100,000 common shares for proceeds of \$105,000. These common shares are held in escrow under an escrow agreement. The common shares will be released from escrow on the date of the final Qualifying Transaction bulletin under the following terms: 25% to be released on the date the Transaction bulletin is issued, and 25% to be released every six months thereafter.

During the year ended March 31, 2022, 400,000 common shares were subscribed to and issued at \$0.05 per share for proceeds of \$20,000 by directors and officers of the Company. These common shares will be held in escrow under an escrow agreement and will be released from escrow on the date of the final Qualifying Transaction bulletin under the following terms: 25% to be released on the date the Transaction bulletin is issued, and 25% to be released every six months thereafter.

On October 5, 2021, the Company issued 4,000,000 common shares at a price of \$0.10 per share by way of its Initial Public Offering (the "Offering" or "IPO") pursuant to Policy 2.4 "Capital Pool Companies" of the TSX-V. A cash commission of 10% of the gross proceeds of the Offering was paid to the Agent. The Agent was also paid a corporate finance fee of \$10,000 and was reimbursed by the Company for its expenses and legal fees plus disbursements. The Company paid an aggregate of \$140,997 in cash commission, administration fee, legal and other expenses (all disclosed as share issue costs). The Agent was granted an Agent's option to purchase up to 400,000 common shares at a price of \$0.10 per common share, exercisable for a period of 5 years from the date of listing of the common shares on the TSX-V. The Agent's option was recorded at a fair value of \$29,744 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.10%, a forfeiture rate of nil, and volatility of 100%.

c) Stock options:

The Company has established a stock option plan for its officers, directors, consultants and employees to which the Issuer may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Issuer.

During the year ended March 31, 2022, the Company granted:

- 210,000 stock options to directors and officers at an exercise price of \$0.05 per common share with a fair value of \$9,391 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.49%, a forfeiture rate of nil, and volatility of 100%;
- 265,000 incentive stock options to directors and officers at an exercise price of \$0.10 per common share with a fair value of \$23,706 using the Black-Scholes option pricing model assuming a life expectancy of ten years, a risk-free interest rate of 1.53%, a forfeiture rate of nil, and volatility of 100%;
- 130,000 stock options at an exercise price of \$0.15 per common share with a fair value of \$5,544 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 0.79%, a forfeiture rate of nil, and volatility of 100%; and
- 400,000 stock options at an exercise price of \$0.10 per common share with a fair value of \$29,744 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk-free interest rate of 1.10%, a forfeiture rate of nil, and volatility of 100% (refer to Note 6b).

During the year ended March 31, 2022, the Company expensed a total of \$38,641 (March 31, 2021 - \$nil) as share-based compensation for stock options granted.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

6. SHARE CAPITAL AND RESERVES (continued)**c) Stock options: (continued)**

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2021	-	\$ -
Stock options granted	210,000	0.05
Stock options granted	265,000	0.10
Stock options granted	130,000	0.15
Stock options granted	400,000	0.10
Outstanding, March 31, 2022	1,005,000	\$ 0.10

The following stock options were outstanding at March 31, 2022:

	Number of options outstanding	Exercise Price	Expiry Date	Remaining Contractual Life (years)
Agents' stock options	400,000	\$ 0.10	October 5, 2026	4.52
Stock options	130,000	0.15	October 20, 2023	1.56
Stock options	210,000	0.05	May 7, 2031	9.11
Stock options	265,000	0.10	October 5, 2031	9.52

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	March 31, 2022 \$	March 31, 2021 \$
Loss before income taxes	(185,618)	(15,206)
Income tax (recovery) at statutory rate	(50,000)	(4,000)
Permanent differences and others	(36,000)	-
Change in unrecognized deferred income tax assets	86,000	4,000
Deferred income tax recovery	-	-

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

7. INCOME TAXES (continued)

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

	March 31, 2022 \$	March 31, 2021 \$
Non-capital loss carry forwards	53,000	4,000
Share issuance costs	37,000	-
Total gross deferred income tax assets	90,000	4,000
Deferred tax assets not recognized	(90,000)	(4,000)
Net deferred income tax assets (liabilities)	-	-

As at March 31, 2022, the Company has non-capital losses carried forward of approximately \$196,000, which are available to offset future years' taxable income and begin expiring in 2041.

8. FINANCIAL INSTRUMENTS**Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of goods and services tax receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by placing its cash with a major financial institution. Management feels that the Company's credit risk with respect to cash is remote. The Company's goods and services tax receivable consists of input tax credits receivable from the Government of Canada. Accordingly, the Company does not believe it is subject to significant credit risk.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company intends to settle these with funds from its positive working capital position.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022 and for the period from the date of incorporation (September 28, 2020) to March 31, 2021

8. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at March 31, 2022, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk to be insignificant.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings 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.

9. RELATED PARTY TRANSACTIONS

As at March 31, 2022, accounts payable included \$10,500 (March 31, 2021 - \$nil) owed to a director of the Company for operating expenses paid on behalf of the Company. During the year ended March 31, 2022, expense reimbursements charged by a director of the Company totaled \$180,679 (period ended March 31, 2021 - \$10,323).

10. CAPITAL MANAGEMENT

Capital is comprised of all the components of the Company's shareholders' equity. As at March 31, 2022, the Company's shareholders' equity was \$221,820 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that the Company cannot spend more than the \$3,000 per month on allowable general and administrative (G&A) expenses until the completion of a Qualifying Transaction for purposes other than to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction if necessary. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes in the Company's approach to capital management during the year ended March 31, 2022.

11. SUBSEQUENT EVENTS

Proposed Transaction

As described in Note 1, Western Metallica and Orcus completed the transaction on April 13, 2022.

Exercise of Stock Options

On April 26, 2022, 210,000 of the Company's stock options were exercised at an exercise price of \$0.05 and 265,000 options were exercised at an exercise price of \$0.10, generating proceeds of \$37,000 (period ended March 31, 2021: no options exercised). The Company's share price at the time of option exercise was \$0.15.