

VEGA MINING INC.

Financial Statements

For the Years Ended May 31, 2023 and 2022

(Presented in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Vega Mining Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vega Mining Inc. (the "Company"), which comprise the statements of financial position as at May 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Company as at May 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 in the financial statements, which indicates that the Company has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC
September 28, 2023

VEGA MINING INC.

Statements of Financial Position
(Expressed in Canadian Dollars)
As at,

	May 31, 2023 (\$)	May 31, 2022 (\$)
Assets		
Current assets		
Cash	890,606	-
GST receivable	8,012	-
Total assets	898,618	-
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	532,785	263,187
Total liabilities	532,785	263,187
Shareholders' equity (deficiency)		
Share capital (Note 5)	6,078,191	5,202,984
Reserves (Note 5)	89,910	89,910
Deficit	(5,802,268)	(5,556,081)
Total shareholders' equity (deficiency)	365,833	(263,187)
Total liabilities and shareholders' equity (deficiency)	898,618	-

Nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved and authorized for issuance by the Board of Directors:

"Gordon Friesen"

Director

"Allan Glowach"

Director

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Statements of Loss and Comprehensive Loss
For the Years Ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	(\$)	(\$)
Expenses		
Accounting and audit (note 4)	75,500	22,000
Consulting	127,500	30,000
Interest	-	1,487
Legal	10,358	5,264
Office and admin	372	-
Transfer agent and filing fees	32,457	4,330
Loss and comprehensive loss	(246,187)	(63,081)
Basic and diluted loss per share	(0.27)	(0.12)
Weighted average number of shares outstanding	904,808	539,055

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital (\$)	Reserves (\$)	Deficit (\$)	Total Shareholders' Equity (Deficiency) (\$)
Balance, May 31, 2021	539,055	5,202,984	89,910	(5,493,000)	(200,106)
Loss	-	-	-	(63,081)	(63,081)
Balance, May 31, 2022	539,055	5,202,984	89,910	(5,556,081)	(263,187)
Balance, May 31, 2022	539,055	5,202,984	89,910	(5,556,081)	(263,187)
Private Placement	44,500,000	890,000	-	-	890,000
Share Issuance Costs	-	(14,793)	-	-	(14,793)
Loss	-	-	-	(246,187)	(246,187)
Balance, May 31, 2023	45,039,055	6,078,191	89,910	(5,802,268)	365,833

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Statements of Cash Flows

For the Years Ended May 31, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	(\$)	(\$)
Cash flows from operating activities		
Loss	(246,187)	(63,081)
Changes in non-cash working capital items		
GST receivable	(8,012)	-
Accounts payable and accrued liabilities	269,598	63,081
	15,399	-
Cash flows from financing activities		
Proceeds on issuance of common shares, net of share issuance costs	875,207	-
	875,207	-
Change in cash	890,606	-
Cash – beginning	-	-
Cash – end	890,606	-

Supplemental disclosures with respect to cash flows:

During the year ended May 31, 2023, creditors assigned \$374,217 (2022 - \$181,267) of accounts payable owed to them by the Company to a company controlled by an arm's-length third party. The amounts owing are non-interest bearing and are payable on demand.

There were no supplemental disclosures with respect to cash flows during the year ended May 31, 2023.

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Vega Mining Inc. (the "Company") was a resource exploration company focused on acquiring and exploring resource properties in Canada.

The Company's head office and registered office is 3123 – 595 Burrard Street, Vancouver, BC, V7X 1J1. The Company was formerly listed on the TSX Venture Exchange ("TSXV") under the symbol 'VMI'.

The Company was incorporated on November 21, 2007 under the Business Corporations Act (British Columbia).

On October 7, 2014, trading in the shares of the Company was suspended by the TSXV for having failed to maintain Exchange requirements.

On April 29, 2015, the Company's listing transferred to NEX, the Company's Tier classification changed from Tier 2 to NEX, the Filing and Service Office changed from Vancouver to NEX and the trading symbol for the Company changed from VMI to VMI.H.

On July 7, 2016, the Company's securities were delisted from NEX for failure to pay the NEX Listing Maintenance Fee.

On October 11, 2022 the British Columbia and Alberta Securities Commissions (the "Commissions") revoked their cease trade orders issued against the Company. The Company's common shares were cease traded by the Commissions for failure to file annual financial statements and management's discussion and analysis for the May 31, 2014 and in the case of the Alberta Securities Commission the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2014 and November 30, 2014. The annual financial statements and management's discussion and analysis for the fiscal years ended May 31, 2022, 2021, 2020 and 2019 and the interim unaudited financial statements and management's discussion and analysis for the interim periods ended August 31, 2021, November 30, 2021 and February 28, 2022, were filed by the Company effective September 27, 2022.

On December 1, 2022, the Company consolidated its common shares on a 20:1 basis. These financial statements reflect the share consolidation retroactively.

These financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended May 31, 2023, the Company reported a loss of \$246,187 and had an accumulated deficit of \$5,802,268 at that date. The Company had working capital of \$365,833 at May 31, 2023. These circumstances lend significant doubt as to the ability of the Company to continue as a going concern.

Continuing operations as a going concern are dependent upon management's ability to raise adequate financing and to ultimately achieve profitable operations in the future. Management has implemented a series of cost-cutting measures and continues to seek financing. Although management has been successful in the past, there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

These financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These financial statements have been prepared on a historical cost basis, modified where applicable. 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 also the Company's functional currency, unless otherwise indicated.

The Board of Directors approved these financial statements on September 28, 2023.

The preparation of these financial statements in conformity with IFRS 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 reported amounts of revenues and 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. However, actual outcomes can differ from these estimates.

a) Significant judgments

The most significant judgments in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses.

b) Significant estimates and assumptions

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 comprehensive income/loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and provisions for restoration and environmental obligations.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and Evaluation Assets

Exploration and evaluation assets consist of mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and evaluation stage.

No amortization charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets in property, plant and equipment upon the commencement of mine development.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures in the relevant area of interest are comprised of costs which are directly attributable to:

- Acquisition;
- Assays, Staking, and Mapping;
- Consulting & Professional;
- Drilling;
- Field Work;
- Geological & Geophysical; and
- Travel & Accommodation

Exploration and evaluation expenditures also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Where the Company has entered into option agreements to acquire interests in mineral properties that require periodic share issuances, amounts un-issued are not recorded as liabilities since they are issuable entirely at the Company's option. Option payments are recorded as mineral property costs when the payments are made and share issuances are recorded as mineral property costs using the fair market value of the Company's common shares at the date of the issuance.

All capitalized exploration and evaluation expenditures are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The following circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

b) Financial Instruments

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes a party to the contractual provisions of the instrument.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial Instrument	IFRS 9 Classification
Accounts payable and accrued liabilities	Amortized cost

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost the Company applies the expected credit loss impairment model.

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) 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 year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 financial position reporting date applicable to the period of expected realization or settlement. 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.

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.

e) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance. Costs incurred to issue common shares are deducted from share capital.

f) Loss Per Share

The Company presents basic and diluted loss per share data 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.

g) 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. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties

4. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS (continued)

During the year ended May 31, 2023, the Company incurred \$60,000 in accounting fees (2022 - \$15,000) to an accounting firm of which a director of the Company is a partner. As at May 31, 2023, there was \$nil (May 31, 2022 - \$15,750) due to this firm, included in accounts payable and accrued liabilities. This amount is non-interest bearing with no stated terms of payment.

5. SHARE CAPITAL

On December 1, 2022, the Company consolidated its common shares on a 20:1 basis. These financial statements reflect the share consolidation retroactively.

The authorized share capital of the Company consists of unlimited common shares without par value.

At May 31, 2023, there were 45,039,055 common shares outstanding.

During the year ended May 31, 2023, the Company issued 44,500,000 common shares pursuant to a non-brokered private placement, for total gross proceeds of \$890,000. Share issuance costs of \$14,793 were incurred in relation to this private placement.

There were no share issuances during the year ended May 31, 2022.

There were no stock options or warrants outstanding during the years ended May 31, 2023 and 2022.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities are due within the current operating period.

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

d) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

e) *Commodity Price Risk*

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

7. CAPITAL RISK MANAGEMENT

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the periods presented.

8. INCOME TAXES

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

	2023	2022
Loss for the year	246,187	63,081
	27.00%	27.00%
Expected tax recovery	66,470	17,032
Share issue costs	3,995	-
Change in unrecognized deferred income tax assets	(70,465)	(16,422)
True-up prior year amounts	-	(610)
Income tax recovery	-	-

VEGA MINING INC.

Notes to the Financial Statements

May 31, 2023

(Expressed in Canadian Dollars)

8. INCOME TAXES (continued)

Details of deferred income tax assets are as follows:

	2023	2022
Deferred tax assets		
Non-capital losses	956,000	888,000
Exploration and evaluation costs	206,000	206,000
Fixed assets and other	7,000	4,000
Unrecognized deferred income tax assets	1,169,000	1,098,000

The Company has unused non-capital losses of approximately \$3,539,000 that expire between 2031 and 2043.

9. SUBSEQUENT EVENTS

In June 2023, the Company granted 1,200,000 stock options exercisable at \$0.05 per share until June 5, 2033.

In August 2023, the Company granted 200,000 stock options exercisable at \$0.05 per share until August 14, 2033.