

VEGA MINING INC.

Condensed Interim Financial Statements

Three Months Ended August 31, 2023 and 2022

(Presented in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Vega Mining Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of the condensed interim financial statements.

VEGA MINING INC.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

As at,

	August 31, 2023 (\$)	May 31, 2023 (\$)
Assets		
Current assets		
Cash	478,759	890,606
Sales tax receivable	9,788	8,012
Total assets	488,547	898,618
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	163,925	532,785
Total liabilities	163,925	532,785
Shareholders' equity		
Share capital (Note 4)	6,078,191	6,078,191
Reserves (Note 4)	145,974	89,910
Deficit	(5,899,543)	(5,802,268)
Total shareholders' equity	324,622	365,833
Total liabilities and shareholders' equity	488,547	898,618

Nature of operations and going concern (Note 1)

Approved and authorized for issuance by the Board of Directors:

"Gordon Friesen"

Director

"Andrew Hamilton"

Director

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

	2023	2022
	(\$)	(\$)
Expenses		
Accounting and audit	2,500	22,000
Consulting	22,500	30,000
Legal	7,913	2,029
Office and admin	3,000	-
Transfer agent and filing fees	5,298	-
Share-based compensation (Note 4)	56,064	-
Loss and comprehensive loss	(97,275)	(54,029)
Basic and diluted loss per share	(0.00)	(0.10)
Weighted average number of shares outstanding	45,039,055	539,055

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Share Capital (\$)	Reserves (\$)	Deficit (\$)	Total Shareholders' Equity (Deficit) (\$)
Balance, May 31, 2022	539,055	5,202,984	89,910	(5,556,081)	(263,187)
Loss	-	-	-	(54,029)	(54,029)
Balance, August 31, 2022	539,055	5,202,984	89,910	(5,610,110)	(317,216)
Balance, May 31, 2023	45,039,055	6,078,191	89,910	(5,802,268)	365,833
Loss	-	-	56,064	(97,275)	(41,211)
Balance, August 31, 2023	45,039,055	6,078,191	145,974	(5,899,543)	324,622

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Condensed Interim Statements of Cash Flows
For the Three Months Ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited)

	2023	2022
	(\$)	(\$)
Cash flows from operating activities		
Loss	(97,275)	(54,029)
Items not involving cash		
Share-based compensation	56,064	-
Changes in non-cash working capital items		
Sales tax receivable	(1,776)	-
Accounts payable and accrued liabilities	(368,860)	54,029
	(411,847)	-
Change in cash	(411,847)	-
Cash – beginning	890,606	-
Cash – end	478,759	-

The accompanying notes are an integral part of these financial statements

VEGA MINING INC.

Notes to the Condensed Interim Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 August 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 August 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. The financial statements reflect the share consolidation retroactively.

The 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. As at and for the three months ended August 31, 2023, the Company reported loss and comprehensive loss of \$97,275 (2022 - \$54,029) and had an accumulated deficit of \$5,899,543 at that date (May 31, 2023 - \$5,802,268). The Company had working capital of \$324,622 at August 31, 2023 (May 31, 2023 - \$365,833). 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.

The 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 Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 - Interim Financial Reporting and, except as described below, they follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

The financial statements have been prepared on a historical cost basis, modified where applicable. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

The Board of Directors approved the financial statements on October 26, 2023.

The preparation of the 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) 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 Condensed Interim Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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

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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.

b) 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.

c) Share-Based Payments

The Company's Stock Option Plan (Note 4(c)) allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in reserves within equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

d) 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.

4. SHARE CAPITAL

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

a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) As at August 31, 2023, there were 45,039,055 common shares outstanding.

There were no share issuances during the three months ended August 31, 2023 or 2022.

c) A summary of the changes in options follows:

The Company has established a “rolling” Stock Option Plan (the “Plan”). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company’s shares at the date of grant. Options granted to consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3 month period. All other options vest at the discretion of the Board of Directors.

	Number of options	Weighted average exercise price
Balance, May 31, 2022 and 2023	-	\$ -
Granted	1,400,000	0.05
Balance, August 31, 2023	1,400,000	\$ 0.05

During the three months ended August 31, 2023, the Company granted 1,200,000 options to officers and consultants of the Company exercisable at \$0.05 per share until June 5, 2033, with a fair value of \$48,057. The options vested immediately and were fair valued using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.05; ii) expected share price volatility of 75%; iii) risk-free interest rate of 3.30%; iv) expected life of 10 years; v) no dividend yield.

During the three months ended August 31, 2023, the Company granted 200,000 options to a director of the Company exercisable at \$0.05 per share until August 14, 2033, with a fair value of \$8,007. The options vested immediately and were fair valued using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.05; ii) expected share price volatility of 75%; iii) risk-free interest rate of 3.30%; iv) expected life of 10 years; v) no dividend yield.

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(Expressed in Canadian Dollars)

(Unaudited)

4. SHARE CAPITAL (continued)

As at August 31, 2023, the following options were outstanding:

Outstanding and exercisable	Exercise price	Expiry date
1,200,000	\$ 0.05	June 5, 2033
200,000	0.05	August 14, 2033
1,400,000		

5. 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.

There was \$16,017 for vested options granted to directors and officers of the Company included in share-based compensation during the three months ended August 31, 2023 (2022 - \$nil).

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.

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.

VEGA MINING INC.

Notes to the Condensed Interim Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.