

KUBERA GOLD CORP.
(formerly Shafer Resources Corp.)

Financial Statements
(Expressed in Canadian Dollars)

For the years ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kubera Gold Corp. (formerly Shafer Resources Corp.)

Opinion

We have audited the accompanying financial statements of Kubera Gold Corp. (formerly Shafer Resources Corp.) (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit 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 financial statements, which indicates that as at December 31, 2023, the Company has a working capital deficiency of \$16,187 and a deficit of \$161,725 and as stated in Note 1, these events and conditions 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 year. 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Accounting Standards, 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 year ended 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 Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 5, 2024

KUBERA GOLD CORP.
(formerly Shafer Resources Corp.)
Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash	\$ 38,824	\$ 165,903
GST receivable	14,505	2,012
Deferred financing costs (Note 12)	103,176	10,000
	156,505	177,915
Exploration and evaluation assets (Note 4)	227,408	176,993
Total Assets	\$ 383,913	\$ 354,908
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 172,692	\$ 84,272
Shareholders' Equity		
Share capital (Note 5)	369,196	369,196
Reserves (Note 5)	3,750	3,750
Deficit	(161,725)	(102,310)
	211,221	270,636
Total Liabilities and Shareholders' Equity	\$ 383,913	\$ 354,908

Nature of operations and going concern uncertainty (Note 1)
Subsequent events (Note 12)

Approved on Behalf of the Board of Directors on April 5, 2024:

"Rick Cox"
Director

"Scott Ackerman"
Director

The accompanying notes are an integral part of these Financial Statements

KUBERA GOLD CORP**(formerly Shafer Resources Corp.)**

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	December 31	
	2023	2022
Expenses		
General and administrative	\$ 286	\$ 72
Consulting fees	5,000	-
Professional fees	42,943	18,659
Transfer agent and filing fees	11,186	-
Loss for the year	\$ (59,415)	\$ (18,731)
Weighted average number of common shares outstanding, basic and diluted	6,591,920	6,591,920
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)

The accompanying notes are an integral part of these Financial Statements

KUBERA GOLD CORP.

(formerly Shafer Resources Corp.)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital ¹		Reserves	Deficit	Total Shareholders' Equity
	Number	Amount			
Balance, December 31, 2022	6,591,920	\$ 369,196	\$ 3,750	\$ (102,310)	\$ 270,636
Loss and comprehensive loss	-	-	-	(59,415)	(59,415)
Balance, December 31, 2023	6,591,920	\$ 369,196	\$ 3,750	\$ (161,725)	\$ 211,221

	Share Capital ¹		Reserves	Deficit	Total Shareholders' Equity
	Number	Amount			
Balance, December 31, 2021	6,591,920	\$ 369,196	\$ 3,750	\$ (83,579)	\$ 289,367
Loss and comprehensive loss	-	-	-	(18,731)	(18,731)
Balance, December 31, 2022	6,591,920	\$ 369,196	\$ 3,750	\$ (102,310)	\$ 270,636

¹On September 19, 2023, the Company completed a consolidation of its issued and outstanding common shares on a 2.5:1 basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

The accompanying notes are an integral part of these Financial Statements

KUBERA GOLD CORP.**(formerly Shafer Resources Corp.)**

Statements of Cash Flows

For the years ended December 31

(Expressed in Canadian dollars)

	2023	2022
Cash provided by / (used for):		
Operating Activities:		
Loss for the year	\$ (59,415)	\$ (18,731)
Changes in non-cash working capital items:		
Account payable and accrued liabilities	11,773	(4,276)
GST receivable	(12,493)	(1,827)
	(60,135)	(24,834)
Financing Activity:		
Deferred financing costs (Note 12)	\$ (59,144)	\$ -
	(59,144)	-
Investing Activities:		
Exploration and evaluation assets	\$ (7,800)	\$ -
	(7,800)	-
Decrease in cash for the year	(127,079)	(24,834)
Cash, beginning of the year	165,903	190,737
Cash, end of the year	\$ 38,824	\$ 165,903

Supplemental cash flow information (Note 9)

The accompanying notes are an integral part of these Financial Statements

KUBERA GOLD CORP.**(formerly Shafer Resources Corp.)**

Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Kubera Gold Corp. (formerly Shafer Resources Corp.) (“Kubera” or the “Company”) was incorporated September 28, 2018, in the Province of British Columbia, and on October 10, 2023, changed its name from Shafer Resources Corp. to Kubera Gold Corp. The Company’s head office is located at 1600 – 609 Granville Street, Vancouver, BC, V7Y 1C3 and its registered address is 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

On March 11, 2024, the Company completed an initial public offering (“IPO”) and on March 13, 2024, became listed as a Tier 2 Mining issuer on the TSX Venture Exchange (“TSX-V” or “Exchange”) (Note 12). The Company’s trading symbol on the TSX-V is KBRA.

The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in Ontario. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through share offerings. It is not known whether the Company’s mineral property contains reserves that are economically recoverable. The recoverability of amounts recorded by the Company for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, or from proceeds from disposition.

These financial statements (“Financial Statements”) have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company’s future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment, and global market conditions. As at December 31, 2023, the Company has a working capital deficiency of \$16,187 and a deficit of \$161,725. Consequently, there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (continued)

financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

These Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of compliance

These Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis of preparation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. These Financial Statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgements

The preparation of these Financial Statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported expenses incurred during the period. Actual results could differ from these estimates. The preparation of these Financial Statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- **Recoverability of exploration and evaluation assets ("E&E assets")**

The Company capitalizes E&E expenditures based on the judgment that the carrying amounts will be recoverable. Their recoverability depends on various factors such as the discovery of economically viable reserves, the Company's ability to obtain the financing to develop them into profitable production or from the disposition of the E&E assets. As new information becomes available

2. BASIS OF PREPARATION (continued)

- **Recoverability of exploration and evaluation assets (“E&E assets”) (continued)**

suggesting the recovery of these expenditures is unlikely, the capitalized costs are written off to profit or loss for the period.

- **Deferred tax assets and liabilities**

The measurement of deferred income tax provisions is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

3. MATERIAL ACCOUNTING POLICIES

a. Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or 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 recognized in respect of 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 end of the reporting period 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 the assets and liabilities on a net basis.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis.

KUBERA GOLD CORP.

(formerly Shafer Resources Corp.)

Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**b. Impairment of exploration and evaluation assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is less than the carrying amount, impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in a prior year. A reversal of an impairment loss is recognized immediately in profit or loss.

c. Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares or share purchase options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

Costs related to share issuances not completed will be recorded as deferred financing costs if the completion of the transactions are considered likely; otherwise they are expensed as incurred.

d. Basic and diluted 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

KUBERA GOLD CORP.

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Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

d. Basic and diluted loss per share (continued)

number of common shares outstanding during the year. 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. Contingently issuable shares are not considered outstanding common shares and consequently are not included in loss per share calculations.

e. Financial instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized costs. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

- Cash is classified as a financial asset carried at amortized cost.
- Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

KUBERA GOLD CORP.

(formerly Shafer Resources Corp.)

Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Measurement (continued)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Impairment

The Company assesses all information available, including on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

f. Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property-by-property basis. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Once the technical feasibility and commercial viability of extracting the mineral resource have been determined the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced, all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

KUBERA GOLD CORP.

(formerly Shafer Resources Corp.)

Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

f. Exploration and evaluation assets (continued)

Currently, all mineral properties of the Company are at the exploration stage. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized; however, for corporate income tax purposes the Company has no right to claim these costs as tax deductible expenses.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

g. Flow-through shares

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the proceeds from flow-through shares into 1) share capital based on the fair value of the Company's shares at the date of issuance, and 2) a flow-through share premium, calculated based on the share issuance price and market price at the time of closing, if any, which is recognized as a liability. In accordance with IAS 12, Income Taxes, a deferred tax liability is recognized, with certain specific exceptions, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. Upon expenditures being incurred, the flow-through share premium is drawn down proportionately and recorded to either other income or deferred tax recovery. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a recovery in profit or loss in the period of renunciation.

Proceeds received from the issuance of flow-through shares must be used only for Canadian resource property exploration expenditures within a two-year period.

KUBERA GOLD CORP.

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Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

g. Flow-through shares (continued)

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-Back Rule, in accordance with Canada Revenue Agency flow-through regulations.

h. Environmental rehabilitation provisions

The Company may be subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company would record the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The typical nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. Management has assessed that there are no legal or constructive obligations presently and for all periods presented.

When a liability is recognized, the present value of the estimated rehabilitation cost is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

i. Resource tax credits

The Company recognizes resource tax credit amounts as a receivable and a reduction to exploration and evaluation expenditures when the Company's application for such credits is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

j. Recent accounting pronouncements

International Accounting Standard ("IAS") 1 and IFRS Practice Statement ("PS") 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS PS 2, Making Material Judgements, to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. The standard was adopted by the Company on January 1, 2023.

KUBERA GOLD CORP.**(formerly Shafer Resources Corp.)**

Notes to the Financial Statements

As at December 31, 2023 and 2022

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETSDash Lake Property, Ontario

On October 10, 2018, the Company entered into an option agreement to acquire a 100% interest in the Dash Lake property (the "Property") located in the Kenora Mining Division, Northwestern Ontario, subject to a 1.5% net smelter royalty ("NSR").

To earn the 100% interest, the Company is required to make total cash payments of \$6,000, incur aggregate exploration expenditures of \$75,000, and issue a total of 200,000 common shares of the Company as follows:

- Pay \$6,000 (paid) and issue 40,000 common shares (issued) upon entering into of the Option Agreement;
- Within 10 days of completion of the minimum of \$75,000 in exploration expenditures, issue 40,000 common shares (issued);
- Within 10 days of delivery of a National Instrument 43-101 report on the Property that meets the requirements of the Exchange, issue 80,000 shares (issued); and
- After listing on the Exchange, upon the earlier of completion of an initial phase 1 work program of not less than \$100,000, or the date, which is 12 months from listing on the Exchange, the Company will have 90 days to issue a final 40,000 common shares for 100% right, title and interest in the Property.

As at December 31, 2022 and 2023, the exploration and evaluation assets consist of the following:

	December 31, 2023	December 31, 2022
Acquisition Costs:		
Balance, beginning of year	\$ 14,000	\$ 14,000
Balance, end of year	\$ 14,000	14,000
Exploration Costs:		
Balance, beginning of year	\$ 162,993	\$ 157,993
Geological services	40,239	5,000
Geophysics	2,524	-
Soil assays	7,652	-
Total Exploration Costs	213,408	162,993
Balance	\$ 227,408	\$ 176,993

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value, of which none are issued.

b) Issued and outstanding

On September 19, 2023, the Company completed a consolidation of its issued and outstanding common shares on a 2.5:1 basis. All share and per share information in these Financial Statements have been retroactively adjusted to reflect the consolidation.

As at December 31, 2022 and 2023, there were 6,591,920 common shares issued and outstanding.

There were no shares issued during the years ended December 31, 2022 and 2023.

c) Stock options

The Company has adopted a rolling 10% stock option plan (the "Plan") which provides that the directors of the Company may grant options to purchase common shares of the Company to directors, officers, employees, and service providers, with the number of options being limited to 10% of the issued shares at the time of granting of options. The Board of Directors in its sole discretion may determine any vesting provisions for options. Options are equity settled. The exercise price shall be determined by the directors of the Company at the time of grant in accordance with the provisions of the Plan, with a minimum price of \$0.05 or discounted market price. The expiry date for an option shall not be more than ten years from the grant date.

There was no activity with respect to stock options for the years ended December 31, 2022 and 2023.

As at December 31, 2023, stock options outstanding and exercisable are as follows:

Grant Date	Number of Options Outstanding and Exercisable	Exercise Price	Expiry Date (Note 12)	Remaining Contractual Life (Years)
August 21, 2019	100,000	\$0.25	August 21, 2024	0.64
January 2, 2020	50,000	\$0.25	January 2, 2025	1.01
Total	150,000	\$0.25		0.76

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6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is not subject to any externally imposed capital requirements. There were no changes to management's approach to capital management during the year.

7. 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. Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. There were no such related party transactions during the years ended December 31, 2022 and 2023.

There was no key management compensation during the years ended December 31, 2022 and 2023. As at December 31, 2022 and 2023, there was \$nil due to or from related parties.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT**Fair value of financial instruments**

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 described below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Fair value of financial instruments (continued)

Cash is classified as a financial asset carried at amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

Financial instrument risk

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. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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's credit risk is primarily attributable to its liquid financial assets including cash.

The Company limits the exposure to credit risk by only investing its cash with high-credit quality institutions. The Company's maximum exposure to credit risk is equal to the carrying amount of cash and GST receivable. Management believes that the credit risk related to these instruments is negligible.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 6.

The Company has insufficient funds from which to finance its planned resource exploration activities and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means.

Foreign exchange 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 December 31, 2023, the Company's cash, GST receivable, accounts payable and accrued liabilities are denominated in Canadian dollars. As such, the Company is not subject to any foreign exchange risk.

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 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.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Financial instrument risk (continued)

Price risk

The Company has no exposure to price risk with respect to equity prices. 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.

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company paid \$nil (2022 - \$nil) for interest and income taxes.

Significant non-cash transactions during the years ended December 31, 2023 and December 31, 2022 were as follows:

Exploration and evaluation assets included in accounts payable and accrued liabilities as at December 31, 2023: \$107,988 (December 31, 2022 - \$65,373).

Deferred financing costs included in accounts payable and accrued liabilities as at December 31, 2023: \$34,031 (December 31, 2022 - \$nil).

10. SEGMENTED INFORMATION

The Company operates in a single operating segment, being the exploration and evaluation of mineral properties in Canada. All of the Company's assets are located in Canada.

11. INCOME TAXES

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

	2023	2022
Loss before taxes	\$(59,415)	\$ (18,731)
Expected income tax (recovery)	(16,000)	(5,000)
Adjustment to prior years provision versus statutory tax returns	1,000	-
Change in unrecognized deductible temporary differences	15,000	5,000
Total income tax expense (recovery)	\$ -	\$ -

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11. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2023	2022
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ (25,000)	\$ (25,000)
Non-capital losses	44,000	29,000
	19,000	4,000
Unrecognized deferred tax assets	(19,000)	(4,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ (93,000)	No expiry date	\$ (93,000)	No expiry date
Non-capital losses available for future periods	162,000	2038 to 2043	109,000	2038 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUBSEQUENT EVENTS

On March 11, 2024, the Company completed its IPO of 3,000,000 common shares at a price of \$0.25 per share for gross proceeds of \$750,000. The Company paid a cash commission of \$45,000, a corporate finance fee of \$30,000, \$99,005 in legal fees, \$20,578 in listing fees, and \$3,200 in agent's expenses, and granted to the agent, 180,000 agents' options, with each agents' option exercisable for one common share of the Company at a price of \$0.25 until March 11, 2027. Deferred financing costs at December 31, 2023 are \$103,176 (2022: \$10,000).

Upon completion of the IPO, an aggregate of 1,200,000 common shares of the Company are being held in escrow pursuant to the requirements of the Exchange. Ten percent of the escrowed common shares were released from escrow on March 11, 2024, and fifteen percent will be released every six months thereafter.

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12. SUBSEQUENT EVENTS (continued)

On March 11, 2024, the Company granted an aggregate of 800,000 stock options to officers, directors, and a consultant to the Company. The options have an exercise price of \$0.25 per share and expire on March 11, 2029. The Company also amended the expiry date of the 150,000 stock options currently outstanding to March 11, 2029.