
1317223 B.C. LTD.

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON
JULY 27, 2021 TO DECEMBER 31, 2021
(Expressed in Canadian Dollars)**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 1317223 B.C. Ltd.:

Opinion

We have audited the financial statements of 1317223 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of loss and comprehensive loss, statement of changes in shareholders' deficit and statement of cash flows for the period from the date of incorporation on July 27, 2021 to December 31, 2021, 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 the Company as at December 31, 2021, and its financial performance and its cash flows for the period from the date of incorporation on July 27, 2021 to December 31, 2021, in accordance with International Financial Reporting Standards.

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 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 describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information 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 in this auditor's report. 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 International Financial Reporting 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.

The engagement partner on the audit resulting in this independent auditor's report is John C. Sinclair.

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
April 29, 2022

1317223 B.C. LTD.
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021
(Expressed in Canadian Dollars)

	Note	December 31, 2021 \$
ASSETS		
Current assets		
Cash		-
HST receivable		1,475
Total assets		1,475
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		5,194
Due to a related party	3	28,552
		33,746
SHAREHOLDERS' DEFICIT		
Share capital	4	388
Deficit		(32,659)
		(32,271)
Total liabilities and shareholders' deficit		1,475

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board of Directors on April 29 ,2022

Director _____ James Ward (Signed) _____

Director _____ Stephen Sandusky (Signed) _____

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

1317223 B.C. LTD.

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

**From July 27, 2021
(date of incorporation) to
December 31, 2021
\$**

EXPENSES

Incorporation costs	25,000
Professional fees	2,500
Audit fees	5,094
Regulatory and transfer agent fees	65

NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD (32,659)

NET LOSS PER SHARE – BASIC AND DILUTED (0.01)

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING 3,625,000

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

1317223 B.C. LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT

For the period from the date of incorporation on July 27, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Deficit \$	Total \$
Balance, July 27, 2021	-	-	-	-
Issued under plan of arrangement	3,875,000	388	-	388
Net and comprehensive loss for the period	-	-	(32,659)	(32,659)
Balance, December 31, 2021	3,875,000	388	(32,659)	(32,271)

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

1317223 B.C. LTD.

STATEMENT OF CASH FLOWS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

	For the period from July 27, 2021 (date of incorporation) to December 31, 2021 \$
<hr/>	
Operating activities:	
<hr/>	
Net loss for the period	(32,659)
Changes in non-cash working capital:	
HST receivable	(1,475)
Due to a related party	29,065
Accounts payable and accrued liabilities	5,069
<u>Net cash used in operating activities</u>	<u>-</u>
Increase in cash during the period	-
Cash – beginning of the period	-
<u>Cash – end of the period</u>	<u>-</u>

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

1317223 B.C. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

1317223 B.C. Ltd. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on July 27, 2021. The Company is engaged in the exploration and development of mineral properties in Canada. The Company’s head office is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, B.C., V6C 3L6.

Plan of arrangement

On December 17, 2021, 1289625 B.C. Ltd. (“625 BC”) completed a plan of arrangement whereby 625 BC spun off each of its subsidiaries including 1317223 B.C. Ltd.

Under the statutory plan of arrangement (“Plan of Arrangement”), each 625 BC shareholder received one hundred thousand (100,000) common shares of 1317223 B.C. Ltd. in exchange for each existing common share of 625 BC (the “Distributed Securities”) resulting in total common shares issued under the plan of arrangement of 3,875,000.

As a result of completing the Plan of Arrangement, 1317223 B.C. Ltd. became a separate reporting issuer and 625 BC holds no interest in the Company.

Going Concern

These financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As at December 31, 2021, the Company had accumulated a loss of \$32,659 since its inception. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead.

In addition, the Company began operations after the World Health Organization categorized COVID-19 as a pandemic. Financial markets around the world have been extremely volatile due to events and conditions resulting from this pandemic and as a result, the volatility could also impact the Company’s ability to continue its operations as a going concern.

These events and conditions indicate material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amount and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRIC’s”) interpretations as issued by the International Accounting Standards Board (“IASB”). These financial statements were approved by the board of directors for issue on April 29, 2022.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Foreign currencies

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

d) Financial instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and liabilities and their contractual cash flow characteristics.

Equity investments that are held for trading are classified as FVTPL. For other equity investments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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 if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

f) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

g) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Recently issued but not yet effective standards

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

i) Key management personnel

The Company has not compensated key management personnel during the period.

3. RELATED PARTY TRANSACTIONS

An amount of \$28,552 is included as due to a related party as reimbursement for expenses incurred on behalf of the Company by its related party, 625 BC. These amounts are due upon demand.

4. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Issued and outstanding – 3,875,000 common shares

During the year ended December 31, the Company issued 3,875,000 common shares pertaining to the plan of arrangement. The fair value of the common shares issued were \$388.

5. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit of (\$32,271) as at December 31, 2021.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

6. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies accounts payable and accrued liabilities and amounts due to a related party at amortized cost.

a) 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:

NOTES TO THE FINANCIAL STATEMENTS

For the period from the date of incorporation on July 27, 2021 to December 31, 2021
(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (continued)

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.

As at December 31, 2021, the Company believes that the carrying value of accounts payables and amounts due to a related party approximates their fair value because of their nature and relatively short maturity date or duration.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk is the risk associated with the counterparty's inability to fulfil its payment obligations. The Company is not exposed to credit risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. The Company is exposed to liquidity risk in the amount of \$33,746 that is due to be settled within 90 days of the year-end.

7. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Company's effective income tax expense is as follows:

		2021
Net loss for the period	\$	32,659
Expected income tax recovery		(8,655)
Deferred tax assets not recognized		8,655
Income taxes	\$	-

The Company has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.