

Wedge Lake Mineral Property

Interim Condensed Carve-Out Financial Statements

For the three and six months ended October 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Carve-Out Financial Statements for the Three and Six Months Ended October 31, 2022 and 2021

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim carve-out financial statements of Wedge Lake Mineral Property for the interim periods ended October 31, 2022 and 2021, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, MNP LLP, have not performed a review of these interim financial statements.

December 28, 2022

WEDGE LAKE MINERAL PROPERTYInterim Condensed Carve-Out Statements of Financial Position
(Expressed in Canadian dollars)

	Note	October 31, 2022	April 30, 2022
		\$	\$
Assets			
Current			
Cash		443,514	449,400
Promissory notes receivable	2	35,600	35,600
Deposit		5,000	5,000
Total current assets		484,114	490,000
Exploration and evaluation asset	4	15,000	15,000
Total assets		499,114	505,000
Liabilities			
Current			
Accounts payable and accrued liabilities	5,7	36,563	67,341
Flow-through liability	6	43,394	43,394
Total liabilities		79,957	110,735
Net parent investment		419,157	394,265
Total liabilities and net parent investment		499,114	505,000

Nature of operations and going concern (Note 1)
Subsequent event (Note 10)*The accompanying notes are an integral part of these unaudited interim condensed carve-out financial statements.*

WEDGE LAKE MINERAL PROPERTYInterim Condensed Carve-Out Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	2022	October 31, 2021	2022	October 31, 2021
		\$	\$	\$	\$
Expenses					
Professional fees		-	8,200	10,090	8,880
Management fees	7	-	15,000	3,000	25,000
Bank fees		-	21	3	193
General and administrative	7	-	1,875	-	3,897
Exploration costs	4	-	-	-	10,964
Loss and comprehensive loss for the period		-	25,096	13,093	48,934

The accompanying notes are an integral part of these unaudited interim condensed carve-out financial statements.

WEDGE LAKE MINERAL PROPERTYInterim Condensed Carve-Out Statements of Changes in Net Parent Investment
(Unaudited - Expressed in Canadian dollars)

	Net parent investment
	\$
Balance April 30, 2021	180,774
Investment by parent in the period	165,924
Loss and comprehensive loss for the period	(48,934)
Balance, October 31, 2021	297,764
Investment by parent in the period	136,873
Loss and comprehensive loss for the period	(40,372)
Balance, April 30, 2022	394,265
Investment by parent in the period	37,985
Loss and comprehensive loss for the period	(13,093)
Balance, October 31, 2022	419,157

The accompanying notes are an integral part of these unaudited interim condensed carve-out financial statements.

WEDGE LAKE MINERAL PROPERTYInterim Condensed Carve-Out Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended October 31,	
	2022	2021
	\$	\$
Operating activities		
Loss for the period	(13,093)	(48,934)
Non-cash changes in working capital:		
Accounts payable and accrued liabilities	(30,778)	(7,478)
Cash used in operating activities	(43,871)	(56,412)
Financing activities		
Flow-through liability	-	43,394
Advances from parent	37,985	165,924
Cash from financing activities	37,985	209,318
Increase / (decrease) in cash	(5,886)	152,906
Cash, beginning of period	449,400	247,094
Cash, end of period	443,514	400,000

The accompanying notes are an integral part of these unaudited interim condensed carve-out financial statements.

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Introduction to the interim condensed carve-out financial statements

The Wedge Lake Mineral Property (the “Property” or the “Carve-out Entity”), which is owned by North-Sask. Ventures Ltd. (the “Optionor”), is an early-stage exploration project covering 955 hectares and 23 partial cells located in Saskatchewan, Canada.

On November 10, 2020 (the “Agreement Date”), 1271332 B.C. Ltd. (“127 B.C.” or the “Parent”) entered into an option agreement to acquire 100% interest in the Property (the “Option”) from the Optionor. Under the Option, 127 B.C. has committed to cash payments and share consideration to the Optionor and expenditures on the Property as detailed in Note 4.

On November 3, 2021, Arya Resources Ltd. (formerly Rebel Capital 2.0 Corp.) (“Arya”) entered into a definitive agreement, pursuant to which it will acquire the Option and \$400,000 cash from 127 B.C. (the “Transaction”). Under the Transaction, Arya will assume the remaining obligations under the Option, including issuing the same amount of common shares of Arya to the Optionor, as previously committed by 127 B.C. As consideration for the Transaction, Arya will issue 15,100,000 common shares to 127 B.C.

The purpose of these unaudited interim condensed carve-out financial statements (the “financial statements”) is to provide historical financial information of the Property, and to reflect the Property as if it had been operating separately from 127 B.C. The financial statements have been prepared on a “carve-out basis” from the financial statements of 127 B.C. for the purpose of presenting the financial position, results of operations and cash flows of the Property on a stand-alone basis.

The coronavirus pandemic continues to have global impacts on workforces, economies, and financial markets. It is not possible for management to predict the duration or magnitude of any adverse effects that the pandemic may have on the Property. As of the date of these financial statements, COVID-19 has had no impact on the Property’s operations but may impact the Property should travel restrictions related to COVID-19 be extended or expanded in scope. Additionally, the outbreak may negatively impact the ability to complete the Transaction as it could negatively impact the financial condition of Arya.

These financial statements are prepared on a going concern basis, which contemplates that the Property will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the six months ended October 31, 2022, the Property incurred a net loss and comprehensive loss of \$13,093 (2021 - \$48,934) and the Property has no sources of revenue. As at October 31, 2022, the Property has an accumulated deficit of \$285,008 (April 30, 2022 - \$271,915). The ability of the Property to continue operations is dependent on the financial support of Arya following the Transaction and/or proceeds from government grants and assistance. There is no certainty that additional financing at terms that are acceptable will be available, and an inability to obtain financing would have a direct impact on the Property’s ability to continue as a going concern. These conditions indicate a material uncertainty that cast significant doubt on the Property’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Property were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Property’s audited annual financial statements for the year ended April 30, 2022, and the period from October 23, 2020 (Inception) to April 30, 2021 (“annual financial statements”).

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 2 – BASIS OF PRESENTATION (continued)

These financial statements were approved and authorized for issuance by the Board of Directors of 127 B.C. on December 28, 2022.

Interim Condensed Carve-Out Statements of Financial Position

The interim condensed carve-out statements of financial position include the assets and liabilities that are the Property-related assets and liabilities, which have been determined in the following manner:

- Cash is comprised of cash consideration of \$400,000 which will be transferred by 127 B.C. to Arya as a result of the Transaction, less \$35,600 already advanced in the form of two promissory notes receivable (the “Notes”) from Arya advanced in February 2022, and an additional \$79,114 in cash to be contributed by 127 B.C. for closing costs related to the Transaction.
- Promissory notes receivable consists of the Notes to Arya for an aggregate of \$35,600 issued during February 2022. The Notes bear no interest, are unsecured, mature one year from the date of issuance and are included as current assets on the statements of financial position.
- Deposit consists of a legal retainer paid by 127 B.C. in connection to the Transaction.
- Exploration and evaluation asset consists of two cash payments of \$5,000 and \$10,000 made by 127 B.C. to the Optionor as consideration for the Option (Note 4).
- Accounts payable and accrued liabilities consists of accounting and legal fees in connection with the Transaction and management fees payable to the Chief Executive Officer of 127 B.C.
- Flow-through liability consists of the premium raised on flow-through common shares of 127 B.C. related to the exploration and evaluation of the Property which is amortized as 127 B.C. renounces eligible expenditures to eligible shareholders.

Interim Condensed Carve-Out Statements of Loss and Comprehensive Loss

The interim condensed carve-out statements of loss and comprehensive loss include operating expenses that are related to the Property.

(b) Basis of measurement

These interim financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these interim financial statements have been prepared using the accrual method of accounting.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Carve-out Entity.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are consistent with those applied in the preparation of the Company's annual financial statements. Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 3 of the Company's annual financial statements. There have been no significant changes to the areas of estimation and judgment during the six months ended October 31, 2022.

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 4 – EXPLORATION AND EVALUATION ASSET

A continuity of the Property's exploration and evaluation asset is as follows:

	\$
Balance, October 23, 2020 (Inception)	-
Cash option payment	5,000
Balance, April 30, 2021	5,000
Cash option payment	10,000
Balance, October 31, and April 30, 2022	15,000

A summary of the Property's exploration expenditures is as follows:

	\$
Cumulative exploration costs, October 23, 2020 (Inception)	-
Exploration	119,221
Report writing	17,152
Cumulative exploration costs, April 30, 2021	136,373
Geological consulting	5,247
Report writing	5,717
Cumulative exploration costs, October 31, 2021	147,337
Geological consulting	6,152
Cumulative exploration costs, October 31, and April 30, 2022 ⁽¹⁾	153,489

⁽¹⁾ During the six months ended October 31, 2022, the Carve-out entity did not incur any exploration costs.

Wedge Lake

On the Agreement Date, 127 B.C. acquired the Option in exchange for the consideration below. The remaining consideration due will pass onto Arya upon the closing of the Transaction (Note 1).

Cash payments to the Optionor

- \$5,000 on the Agreement Date (paid);
- \$10,000 within 10 business days of listing on the TSX Venture Exchange (the "Exchange") (paid in advance);
- \$10,000 on or before the first anniversary of listing on the Exchange;
- \$10,000 on or before the second anniversary of listing on the Exchange;
- \$20,000 on or before the third anniversary of listing on the Exchange;
- \$20,000 on or before the fourth anniversary of listing on the Exchange; and
- \$30,000 on or before the fifth anniversary of the listing on the Exchange

Share consideration to the Optionor

- 150,000 common shares within 10 business days of listing on the Exchange;
- 100,000 common shares on or before the first anniversary of listing on the Exchange;
- 100,000 common shares on or before the second anniversary of listing on the Exchange;
- 150,000 common shares on or before the third anniversary of listing on the Exchange;
- 200,000 common shares on or before the fourth anniversary of listing on the Exchange; and
- 300,000 common shares on or before the fifth anniversary of listing on the Exchange

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 4 – EXPLORATION AND EVALUATION ASSET (continued)

Expenditures on the Property

- \$100,000 on or before the first anniversary of the Agreement Date (met);
- an additional \$100,000 on or before the second anniversary of listing on the Exchange;
- an additional \$200,000 on or before the third anniversary of listing on the Exchange;
- an additional \$300,000 on or before the fourth anniversary of listing on the Exchange; and
- an additional \$300,000 on or before the fifth anniversary of listing on the Exchange

The Optionor will retain a 2.5% net smelter returns royalty, which can be purchased by 127 B.C. at any time up until certain milestones are met for \$1,000,000.

127 B.C. will prepare a report (the "Report") under National Instruments 43-101, *Standard of Disclosure for Mineral Projects* (the "Report") whereby 127 B.C. is subjected to the following contingent issuances of common shares:

- if the Report confirms the existence of inferred mineral resource estimate grading at least 4 grams/ton Au for at least 80,000 contained ounces of gold on the Property, 127 B.C. will issue the Optionor 250,000 common shares.
- if the Report confirms the existence of indicated mineral resource estimate grading at least 4 grams/ton Au, aggregating at least 80,000 ounces of gold on the Property, 127 B.C. will issue the Optionor an additional 250,000 common shares.
- if the Report confirms the existence of combined inferred mineral resources, indicated mineral resources and measured mineral resources estimate grading at least 4 grams/ton Au aggregating an initial 500,000 ounces of gold on the Property, 127 B.C. will issue the Optionor an additional 200,000 common shares.

Should 127 B.C. commission a pre-feasibility study with respect to the Property, 127 B.C. will issue to the Optionor an additional 200,000 common shares.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2022	April 30, 2022
	\$	\$
Accounts payable	30,813	49,091
Accrued liabilities	5,750	18,250
	36,563	67,341

NOTE 6 – FLOW-THROUGH LIABILITY

On October 1, 2021, 127 B.C. closed a \$0.20 flow-through share financing for 750,000 flow-through common shares for gross proceeds of \$150,000. The Carve-out Entity estimated the flow-through liabilities related to this issuance to be \$43,394 based on the difference in the fair value of the shares and the consideration paid per share.

As at October 31, 2022, the Property had a flow-through liability of \$43,394 (April 30, 2022 - \$43,394).

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 7 – RELATED PARTY TRANSACTIONS

The table below summarizes the transactions with 127 B.C. Chief Executive Officer for the three and six months ended October 31, 2022 and 2021:

	Three months ended		Six months ended	
	2022	October 31, 2021	2022	October 31, 2021
Management fees	\$ -	\$ 15,000	\$ 3,000	\$ 25,000
General and administrative	-	-	-	1,875
	-	15,000	3,000	26,875

As at October 31, 2022, included in Property's accounts payable and accrued liabilities was \$25,000 owing to the Chief Executive Officer of 127 B.C. (April 30, 2022 - \$46,250).

NOTE 8 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair value of financial instruments

As at October 31, 2022, the Property's financial instruments consist of cash, promissory notes receivable and accounts payable. The Property's financial instruments are classified as and measured at amortized cost. As at October 31, 2022 management estimates that the carrying amount of these financial instruments approximates their fair value due to their short-term nature.

(b) Financial instruments risk

The Property's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes:

i. Credit risk

Credit risk is the risk of financial loss to the Property if a counterparty fails to meet an obligation under contract. Credit risk exposure primarily arises with respect to the Property's cash and promissory notes receivable. The risk exposure is limited because the Property places its instruments in banks of high credit worthiness within Canada.

ii. Liquidity risk

Liquidity risk is the risk that the Property will encounter difficulty in meeting obligations associated with its financial liabilities. As at October 31, 2022, the Property had sufficient cash on hand to discharge its financial liabilities as they become due.

NOTE 9 – CAPITAL MANAGEMENT

The Carve-out Entity defines its capital as working capital and net parent investment. The Carve-out Entity manages its capital structure and makes adjustments to it based on the funds available to support future business opportunities. The Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Carve-out Entity's management to sustain future development of the business.

The Carve-out Entity is dependent upon external financing. In order to carry out future activities and pay for administrative costs, the Carve-out Entity will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Carve-out Entity, is reasonable. The Carve-out Entity is not subject to externally imposed capital requirements.

WEDGE LAKE MINERAL PROPERTY

Notes to the Interim Condensed Carve-Out Financial Statements
For the three and six months ended October 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

NOTE 10 - SUBSEQUENT EVENT

Subsequent to October 31, 2022, the Transaction closed in accordance with the terms outlined in Note 1.