

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**

**Financial Statements**

**For the years ended April 30, 2023 and 2022**

(Expressed in Canadian dollars)

## Independent Auditor's Report

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To the Shareholders of Arya Resources Ltd. (formerly, Rebel Capital 2.0 Corp.):

### **Opinion**

We have audited the financial statements of Arya Resources Ltd. (formerly, Rebel Capital 2.0 Corp.) (the "Company"), which comprise the statements of financial position as at April 30, 2023 and April 30, 2022, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and April 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audits 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 audits 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Other Information**

Management is responsible for the other information. The other information comprises 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 audits 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 audits 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 on this other information, 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 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Brock Stroud.

Toronto, Ontario  
August 28, 2023

*MNP* LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**  
**Statements of Financial Position**  
(Expressed in Canadian dollars)

	Note	April 30, 2023	April 30, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		631,778	449,400
Goods and sales tax receivable		7,666	-
Prepaid expenses and deposits		9,873	5,000
Promissory notes receivable	5	-	35,600
		<b>649,317</b>	490,000
Exploration and evaluation assets	6	<b>48,800</b>	15,000
<b>Total assets</b>		<b>698,117</b>	505,000
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	147,333	67,341
Flow-through liability	11	66,000	43,394
<b>Total liabilities</b>		<b>213,333</b>	110,735
<b>EQUITY</b>			
Share capital	7	1,655,339	-
Net parent investment	1	-	394,265
Reserves		368,377	-
Deficit		(1,538,932)	-
<b>Total equity</b>		<b>484,784</b>	394,265
<b>Total liabilities and equity</b>		<b>698,117</b>	505,000

Nature of operations (Note 1)

Subsequent event (Note 13)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Rasool Mohammed"

Director

/s/ "Andreas Jacob"

Director

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

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**  
**Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars, except number of shares)

	Note	Years ended April 30, 2023	2022
		\$	\$
<b>Operating expenses</b>			
Director fees	8	4,000	-
Exploration costs	6	83,233	17,116
Filing fees		10,794	-
General and administrative	8	56,792	6,651
Management fees	8	52,829	35,000
Professional fees	8	139,165	30,539
Share-based payments	7, 8	235,549	-
		<b>582,362</b>	<b>89,306</b>
<b>Other expense</b>			
Listing expense	5	(684,655)	-
<b>Net loss and comprehensive loss for the year</b>		<b>(1,267,017)</b>	<b>(89,306)</b>
<b>Net loss per share:</b>			
Basic and diluted		(0.05) <sup>(1)</sup>	N/A <sup>(2)</sup>
<b>Weighted average number of common shares:</b>			
Basic and diluted		25,223,157 <sup>(1)</sup>	N/A <sup>(2)</sup>

(1) The basic and diluted weighted average number of common shares is from the Arrangement date (see Note 1). \$1,253,924 of the \$1,267,017 net loss for the year ended April 30, 2023 related to the period post Arrangement.

(2) The comparative periods relate to the carve-out entity of Wedge Lake which was not an incorporated entity and therefore the loss per share information for the periods prior to the reverse takeover transaction on December 16, 2022 (see Note 1) is not applicable as the carve-out entity of Wedge Lake had no outstanding shares.

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

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**  
**Statements of Cash Flows**  
(Expressed in Canadian dollars)

	Years ended April 30,	
	2023	2022
	\$	\$
<b>Operating activities:</b>		
Net loss for the year	(1,267,017)	(89,306)
Adjustments for non-cash items:		
Share-based payments	235,549	-
Listing expense	684,655	-
Net change in non-cash working capital items:		
Goods and sales tax receivable	(7,666)	-
Prepaid expenses and deposits	(4,873)	(5,000)
Accounts payable and accrued liabilities	3,567	(3,979)
Working capital adjustment related to the Arrangement	(97,500)	-
<b>Cash used in operating activities</b>	<b>(453,285)</b>	<b>(98,285)</b>
<b>Investing activities:</b>		
Cash received from the Arrangement	1,901	-
Transaction costs incurred as part of the Arrangement	(144,223)	-
Property option payments	(20,000)	(10,000)
Advance of promissory notes receivable	-	(35,600)
<b>Cash used in investing activities</b>	<b>(162,322)</b>	<b>(45,600)</b>
<b>Financing activities:</b>		
Investment by parent through the Arrangement date	37,985	302,797
Proceeds from flow-through unit and non flow-through share financings	760,000	-
Flow-through liability	-	43,394
<b>Cash provided by financing activities</b>	<b>797,985</b>	<b>346,191</b>
Change in cash	182,378	202,306
Cash, beginning of year	449,400	247,094
<b>Cash, end of year</b>	<b>631,778</b>	<b>449,400</b>
<b>Supplemental cash flow information:</b>		
Shares issued for Wedge Lake option payment	13,800	-
<b>Cash paid during the year for:</b>		
Interest expense	-	-
Income taxes	-	-

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

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)****Statements of Changes in Equity**

(Expressed in Canadian dollars, except number of shares)

	<b>Common shares</b>	<b>Share capital</b>	<b>Net parent investment (Note 1)</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total equity</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, April 30, 2021	-	-	180,774	-	-	180,774
Investment by parent in the year	-	-	302,797	-	-	302,797
Net loss for the year	-	-	(89,306)	-	-	(89,306)
Balance, April 30, 2022	-	-	394,265	-	-	394,265
Investment by parent in the period	-	-	37,985	-	-	37,985
Recognition of Arrangement (Note 5)	15,100,000	705,007	(419,157)	-	(285,008)	842
Consideration issued in Arrangement (Note 5)	4,079,995	375,360	-	-	-	375,360
Shares issued in non flow-through unit financing	4,080,000	377,172	-	132,828	-	510,000
Shares issued in flow-through unit financing	2,000,000	184,000	-	-	-	184,000
Issuance of shares on property option payment (Note 6)	150,000	13,800	-	-	-	13,800
Share-based payments	-	-	-	235,549	-	235,549
Net loss for the year	-	-	(13,093)	-	(1,253,924)	(1,267,017)
<b>Balance, April 30, 2023</b>	<b>25,409,995</b>	<b>1,655,339</b>	<b>-</b>	<b>368,377</b>	<b>(1,538,932)</b>	<b>484,784</b>

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

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**

**Notes to the Financial Statements**

**For the years ended April 30, 2023 and 2022**

(Expressed in Canadian dollars, except where noted)

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**1. NATURE OF OPERATIONS**

Arya Resources Ltd. (formerly Rebel Capital 2.0 Corp.) (the "Company" or "Arya") was incorporated under the laws of the Province of British Columbia on October 19, 2017. The Company is an exploration stage company focused on the acquisition, exploration and development of mineral property interests in Saskatchewan, Canada. The Company's registered and records office is 301-850 West Georgia Street, Vancouver, British Columbia, V6C 3J1. The Company's common shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol RBZ-P.

**Arrangement**

On December 16, 2022 (the "Arrangement date"), Arya and the carve-out entity of Wedge Lake (the "Carve-out Entity") finalized a reverse takeover transaction whereby the former owners of the Carve-out Entity received 15,100,000 common shares of Arya for their 100% interest in the Carve-out Entity (the "Arrangement"). The Carve-out entity represents the operational efforts towards the Wedge Lake Gold Property in accordance with an existing option agreement with North-Sask Ventures Ltd. (Note 6). The 15,100,000 common shares received by the former owners of the Carve-out Entity comprised 79% of the issued and outstanding common shares of Arya on the date of the Arrangement, and the management of the Carve-out Entity continued as management of Arya. The Arrangement constitutes a "qualifying transaction" under securities law. Pursuant to the Arrangement, Arya became the owner of the Carve-out Entity, but the change in control of Arya by the former owners of the Carve-out Entity (and related reverse takeover accounting guidance under International Financial Reporting Standards - see Note 5) resulted in the Carve-out Entity continuing as the ongoing reporting entity (combining Arya results into the Carve-out Entity from the Arrangement date), with comparative financial information only of the Carve-out Entity. The equity component of the Carve-out Entity includes advances from the parent and net losses incurred and is referred to as "net parent investment". On recognition of the Arrangement the net parent investment was allocated to share capital and deficit, as applicable (Note 5).

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These audited financial statements for the years ended April 30, 2023 and 2022 (the "financial statements"), including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

These financial statements were approved by the Board of Directors and authorized for issue on August 28, 2023.

**b) Basis of presentation**

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, for each type of asset, liability, income and expense as set out in the significant accounting policies below.

**c) Functional and presentational currency**

These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company. The functional currency is the currency of the primary economic environment in which an entity operates.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Cash**

Cash is composed of cash on hand and deposits held at financial institutions.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **b) Financial Instruments**

##### Financial assets

The Company classifies its financial assets in the following categories:

- i. Fair value through profit or loss ("FVTPL")
- ii. Fair value through other comprehensive income ("FVTOCI")
- iii. Amortized cost

The determination of the classification of financial assets is made at initial recognition. The Company's accounting policy for each of the categories is as follows:

##### *Financial assets at FVTPL*

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statements of loss and comprehensive loss.

##### *Financial assets at FVTOCI*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in other comprehensive income with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

##### *Financial assets at amortized cost*

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The Company's cash and promissory notes receivable are classified as financial assets measured at amortized cost.

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as FVTPL if they fall into one of the following exemptions: financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

##### *Other financial liabilities*

Financial liabilities are classified as subsequently measured at amortized cost, unless designated FVTPL. This category is measured at amortized cost using the effective interest method. The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**

**Notes to the Financial Statements**

**For the years ended April 30, 2023 and 2022**

(Expressed in Canadian dollars, except where noted)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

The Company's accounts payable and accrued liabilities are classified as measured at amortized cost.

**c) Exploration and evaluation assets**

The Company has adopted the policy of capitalizing initial acquisition costs relating to tenements and expensing all exploration and evaluation expenditure in relation to its mineral leases as incurred. When the Board of Directors decide to progress the development in an area of interest, all further expenditures incurred relating to the area will be capitalized. Projects are advanced to development status and classified as development assets when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditures are carried forward up to commencement of production at which time it is amortized over the life of the economically recoverable reserve. In the event that a project is abandoned, the capitalized costs related to that project are derecognized. Any loss arising from the derecognition of the capitalized costs is included in the statement of loss and comprehensive loss when the capitalized costs are derecognized.

**d) Impairment of non-financial assets**

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

**e) Share capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, and warrants are classified as equity instruments.

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance. Upon exercise of warrants or stock options, the associated fair value is reallocated from reserves to share capital along with the proceeds from exercise.

Measurement of units

The Company allocates the proceeds from the issuance of units between common shares and warrants on a pro-rata basis based on the relative fair values at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued and the value of the share purchase warrants is determined using the Black-Scholes option pricing model at the date of issuance. Any value attributed to the warrants is recorded to reserves.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **f) Flow-through shares**

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in the fair value per common share with no tax attributes and the price of a flow-through share, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

#### **g) Share-based payments**

The Company grants share-based payments to directors, officers, employees and service providers. Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments are measured using the fair value of the goods and services received, unless the fair value cannot be reliably estimated, in which case they are measured using the fair value of the equity issued. Share-based payments related to the acquisition of mineral property interests are capitalized.

The Company recognizes share-based payments expense for all stock options awarded based on the fair value of the stock options determined at the date of grant. The fair value of stock options is determined using the Black-Scholes option pricing model and expensed over the vesting periods with a corresponding increase to reserves.

#### **h) Basic and diluted loss per share**

Basic earnings or loss per share is computed by dividing net earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is calculated assuming that outstanding share purchase warrants and options, with an average market price that exceeds the average exercise prices of the warrants or options for the reporting period, are exercised, and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the reporting period. Warrants and options were excluded from diluted loss per share for the periods presented as their effect is anti-dilutive.

During the year ended April 30, 2022, the Carve-Out Entity was not an incorporated business and therefore had no shares outstanding. Therefore, for the comparative period the Company's basic and diluted loss per share is not applicable.

#### **i) Related party transactions**

Parties are considered 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. Parties are considered related if they are subject to common control or significant influence. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

#### **j) Income taxes**

Income tax expense consisting of current and deferred tax expense is recognized in the consolidated statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in loss in period that substantive enactment occurs.

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)**

**Notes to the Financial Statements**

**For the years ended April 30, 2023 and 2022**

(Expressed in Canadian dollars, except where noted)

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IFRS requires management to exercise significant judgments in applying the Company's accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company's financial statements. Revisions to accounting estimates are accounted for prospectively.

**a) Critical accounting judgements**

Significant judgments exercised by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is recognized in the consolidated statement of loss and comprehensive loss in the period the new information becomes available.

Acquisition accounting

The Company accounted for the Arrangement as a reverse takeover transaction. Significant judgement was required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Arya was not considered a business under IFRS 3 *Business Combinations* ("IFRS 3") as Arya did not have inputs and substantive processes that can collectively contribute to the creation of outputs prior to the Arrangement.

Control

At the time of Arrangement, the legal parent assesses whether it has control over the acquiree. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Where control exists, the Company consolidates the results of the acquired entity. In the assessing the Arrangement, it was determined that control resides with the Carve-out Entity as the former interest holders of the Carve-out Entity became the majority shareholders of the combined entity, and management of the Carve-out Entity continued control of Arya.

**b) Key sources of estimation uncertainty**

Significant assumptions about the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities in the next year are as follows:

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the stock options are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

**ARYA RESOURCES LTD. (formerly Rebel Capital 2.0 Corp.)****Notes to the Financial Statements****For the years ended April 30, 2023 and 2022**

(Expressed in Canadian dollars, except where noted)

**5. REVERSE TAKEOVER TRANSACTION**

On the Arrangement date, Arya was not considered a business under IFRS 3, as Arya did not have inputs and substantive processes that could collectively contribute to the creation of outputs. As a result, the Arrangement was considered to be within the scope of IFRS 2 *Share-Based Payments* and for accounting purposes (considering the change of control - Note 1), the Arrangement was accounted for as a reverse takeover transaction ("RTO"), with the Carve-out Entity identified as the accounting acquirer, and Arya identified as the accounting acquiree. These financial statements are issued under the legal parent, Arya Resources Ltd., but are considered to be a continuation of the financial results of the Carve-out Entity.

At the date of the Arrangement the RTO was recorded as follows:

	\$
<b>Fair value of consideration shares issued</b>	<b>375,360</b>
<b>Net identifiable assets (liabilities) acquired</b>	
Cash	1,901
Accounts payable and accrued liabilities	(131,373)
Promissory notes payable	(35,600)
<b>Net liabilities</b>	<b>(165,072)</b>
Fair value of consideration and net liabilities assumed	540,432
Other transactions costs	144,223
<b>Listing expense</b>	<b>684,655</b>

The consideration shares comprise of 4,079,995 common shares (the "Consideration Shares") maintained by the original shareholders of the Company as consideration for its public listing with a fair value of \$375,360 (Note 7(c)).

As part of the Arrangement, \$400,000 was to be transferred to Arya net of the promissory notes of \$35,600 previously outstanding. Of the remaining amount, \$112,000 was retained by the former shareholders of the Carve-out Entity to cover transaction costs, in addition to \$32,223 legal, accounting, and filing fees incurred by the Company related to the RTO. These amounts comprise the other transaction costs noted above and have been included in the listing expense in the statements of loss and comprehensive loss.

**6. EXPLORATION AND EVALUATION ASSETS**

A summary of the Company's exploration and evaluation assets are as follows:

	\$
Balance, April 30, 2021	5,000
Cash option payments	10,000
Balance, April 30, 2022	15,000
Cash option payments	20,000
Option payment in shares	13,800
<b>Balance, April 30, 2023</b>	<b>48,800</b>

A summary of the Company's cumulative exploration costs is as follows:

	\$
Cumulative exploration costs, April 30, 2021	136,373
Geological consulting	11,399
Report writing	5,717
Cumulative exploration costs, April 30, 2022	153,489
Permitting	3,608
Claims staking	39,625
Haultain Lake payment	40,000
<b>Cumulative exploration costs, April 30, 2023</b>	<b>236,722</b>

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

**a) Wedge Lake Gold Property**

As a result of the Arrangement described in Note 1, the Company has the option (the "Option") to acquire a 100% interest in the Wedge Lake Gold Property (the "Property") from the optionor. Under the terms of the Option the Company is committed to the following:

Cash payments to the Optionor

- \$5,000 on November 10, 2020 (paid);
- \$10,000 within 10 business days of December 16, 2022 (paid);
- \$10,000 on or before December 16, 2023 (paid);
- \$10,000 on or before December 16, 2024 (paid);
- \$20,000 on or before December 16, 2025;
- \$20,000 on or before December 16, 2026; and
- \$30,000 on or before December 16, 2027

Share consideration to the Optionor

- 150,000 common shares within 10 business days of December 16, 2022 (issued);
- 100,000 common shares on or before December 16, 2023;
- 100,000 common shares on or before December 16, 2024
- 150,000 common shares on or before December 16, 2025
- 200,000 common shares on or before December 16, 2026; and
- 300,000 common shares on or before December 16, 2027

Expenditures on the Property

- \$100,000 on or before November 10, 2021 (met);
- an additional \$100,000 on or before December 16, 2024;
- an additional \$200,000 on or before December 16, 2025;
- an additional \$300,000 on or before December 16, 2026; and
- an additional \$300,000 on or before December 16, 2027

The Optionor will retain a 2.5% net smelter returns royalty ("NSR"), of which 1.0% can be purchased by the Company at any time up until certain milestones are met for \$1,000,000.

Additionally, the Company will prepare a report under National Instruments 43-101, *Standard of Disclosure for Mineral Projects* (the "Wedge Lake Report") whereby the Company is subject to the following contingent issuances of common shares:

- if the Wedge Lake Report confirms the existence of inferred mineral resource estimate grading at least 4 grams/ton of gold ("Au") for at least 80,000 contained ounces of Au on the Property, the Company will issue the Optionor 250,000 common shares.
- if the Wedge Lake Report confirms the existence of indicated mineral resource estimate grading at least 4 grams/ton Au, aggregating at least 80,000 ounces of Au on the Property, the Company will issue the Optionor an additional 250,000 common shares.
- if the Wedge Lake 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 Au on the Property, the Company will issue the Optionor an additional 200,000 common shares.

Furthermore, should the Company commission a pre-feasibility study with respect to the Property, the Company will issue the Optionor an additional 200,000 common shares.

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**6. EXPLORATION AND EVALUATION ASSETS (continued)**

**b) Haultain Lake Property**

On February 15, 2023, the Company entered into a definitive agreement to acquire the Haultain Lake Property option with 1271332 B.C. Ltd., a related party to the Company. Pursuant to the agreement, the Company can acquire 100% interest in the Haultain Lake property by payment of cash consideration to the vendor for \$40,000. On February 27, 2023, the Company paid 1271332 B.C. Ltd. \$40,000 in accordance with the agreement. Subsequent to year end, the Company no longer planned to further explore the Haultain Lake property. The \$40,000 payment has been included in exploration costs in the statements of loss and comprehensive loss.

**c) Dunlop Deposit**

On February 28, 2023, the Company entered into a definitive agreement to acquire the previously drilled Dunlop Copper Nickel Deposit (the "Dunlop Deposit"), subject to TSX-V approval, located 25 kilometers north of La Ronge, Saskatchewan Canada. Pursuant to the agreement, the Company can earn a 100% interest in the Dunlop claims by:

Cash payments to the optionor

- \$25,000 upon completion of a report under National Instruments 43-101, *Standard of Disclosure for Mineral Projects* (the "Dunlop Deposit Report"); and
- \$25,000 upon completion of the Dunlop Deposit Report indicating a mineral resource on the Dunlop Deposit.

Share consideration to the optionor

- 100,000 common shares upon TSX-V approval (issued on May 1, 2023 (Note 13));
- 500,000 common shares upon completion of the Dunlop Deposit Report; and
- 1,000,000 common shares upon completion of the Dunlop Deposit Report indicating a mineral resource on the Dunlop Deposit.

Expenditures on the property

- \$75,000 on or before August 28, 2023
- \$50,000 on or before April 25, 2024; and
- \$125,000 on or before April 25, 2025.

The optionor will retain a 3.0% NSR on the Dunlop claims of which 2.5% of the NSR may be purchased for a cash payment of \$2,000,000 by the Company.

Subsequent to year end, the Company received TSX-V approval (Note 13).

**7. SHARE CAPITAL AND RESERVES**

**a) Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

**b) Issued share capital**

As at April 30, 2023, 25,409,995 common shares were issued and outstanding (April 30, 2022 - nil).

**7. SHARE CAPITAL AND RESERVES (continued)**

**c) Share issuances**

*During the year ended April 30, 2023, the Company had the following share transactions:*

On December 16, 2022, the Company had the following share transactions:

- Pursuant to the Arrangement the Company maintained 4,079,995 Consideration Shares. The fair value of the Consideration Shares was determined to be \$0.092 per share based on the non flow-through unit financing completed concurrently with the Arrangement (see below). Additionally, the Company issued 15,100,000 common shares, recognized at the historical cost base of the net parent investment in the Carve-out Entity, adjusted for any assets or liabilities assumed by the former owner of Wedge Lake at the date of the Arrangement resulting in \$705,007 and \$285,008 being allocated to share capital and deficit, respectively.
- The Company issued 4,080,000 non flow-through units pursuant to closing its \$0.125 non flow-through unit financing for gross proceeds of \$510,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.20 at any time until December 16, 2024. The fair value attributed to the warrants was \$132,828.
- The Company issued 2,000,000 flow-through shares pursuant to closing its \$0.125 flow-through share financing for gross proceeds of \$250,000. In connection with the raise the Company recorded a flow-through liability of \$66,000 representing the difference between the fair value of a common share and the price of a flow-through share at the date of issuance. The fair value per common share was determined to be \$0.092 based on the non flow-through unit financing closed concurrently.
- The Company issued 150,000 common shares with a fair value of \$0.092 per share for gross proceeds of \$13,800 in connection with the Wedge Lake Option agreement (see Note 6). The fair value was determined based on the non flow-through unit financing completed concurrently on the date of issuance to the Wedge Lake optionor.

*During the year ended April 30, 2022, the Company had an investment by parent of \$302,797 (the Company had no shares issued and outstanding prior to the Arrangement).*

**d) Share purchase warrants**

As at April 30, 2023, the Company had 4,080,000 warrants outstanding and exercisable (April 30, 2022 - nil). The warrants are exercisable at \$0.20 at any time until December 16, 2024. The remaining contractual life of the warrants outstanding is 1.63 years.

A summary of the Company's assumptions used in the Black-Scholes option pricing model to determine the fair value of the share purchase warrants granted on December 16, 2023 is as follows:

Share price	\$0.092
Expected life (years)	2.00
Expected volatility	100.00%
Risk-free rate	3.66%
Dividend yield	0.00%

**e) Escrow**

Pursuant to the terms of the TSX-V, the Company's shares prior to the RTO, and a portion of shares issued pursuant to the Arrangement, are subject to certain escrow requirements. As at April 30, 2023, the Company had 8,940,171 common shares held in escrow (April 30, 2022 - nil). These shares will be released semi-annually through December 2025.

**f) Stock options**

On March 24, 2023, the Company granted 1,500,000 stock options to officers and directors of the Company. The stock options have an exercise price of \$0.30, vest immediately and expire on March 24, 2028, with a total fair value of \$235,549.

During the year ended April 30, 2023, the Company recognized share-based payments of \$235,549 (2022 - \$nil) relating to the vesting of the stock options.

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**7. SHARE CAPITAL AND RESERVES (continued)**

A summary of the Company's assumptions used in the Black-Scholes option pricing model to determine the fair value of the stock options granted on March 24, 2023 is as follows:

Share price	\$0.22
Expected life (years)	5.00
Expected volatility	100.00%
Risk-free rate	2.86%
Dividend yield	0.00%

As at April 30, 2023, the Company had 1,500,000 stock options outstanding and exercisable (April 30, 2022 - nil). The remaining contractual life of the stock options outstanding is 4.90 years.

**8. RELATED PARTY TRANSACTIONS**

Key management personnel, are those having the authority and responsibility for planning, directing, and controlling the Company.

A summary of the Company's related party transactions with its key management personnel is as follows:

	2023	2022
	\$	\$
Director fees	4,000	-
General and administrative	-	6,250
Management fees	52,829	35,000
Professional fees	62,217	-
Share-based payments	235,549	-
	<b>354,595</b>	<b>41,250</b>

As at April 30, 2023, the Company had \$66,470 (April 30, 2022 - \$46,250) due to related parties included in accounts payable and accrued liabilities balance. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

**9. INCOME TAXES**

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rate of 27% (2022 - 27%):

	Year ended April 30,	
	2023	2022
	\$	\$
Net loss for the year	(1,267,017)	(89,306)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(342,090)	(24,110)
Share based compensation, non-deductible expenditures and other	62,570	19,490
Listing expense	145,920	-
Change in unrecognized deferred tax assets	133,600	4,620
Income tax expense	-	-

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(Expressed in Canadian dollars, except where noted)

**9. INCOME TAXES (continued)**

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

<b>Expiring</b>	<b>April 30, 2023</b>	<b>Expiry date range</b>	<b>April 30, 2022</b>	<b>Expiry date range</b>
	\$		\$	
Temporary differences:				
Share issuance costs and financing fees	135,290	2024 to 2028	-	N/A
Non-capital losses available for future periods	276,280	2038 to 2043	-	N/A
Exploration and evaluation assets	236,720	No expiry date	153,490	No expiry date

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at April 30, 2023, the Company's financial instruments consist of cash and accounts payable and accrued liabilities, all of which are measured at amortized cost.

The carrying value of cash, promissory notes receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

The Company'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:

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and promissory notes receivable. The risk exposure for cash is limited because the Company places its deposits in institutions of high credit worthiness within Canada. The promissory notes receivable were settled pursuant to the Arrangement.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at April 30, 2023, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

**11. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or issue debt instruments. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Property in which the Company currently has an interest is in the exploration stage and is not positive cash-flow generating; as such, the Company has relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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**12. COMMITMENTS AND CONTINGENCIES**

On December 16, 2022, the Company issued 2,000,000 flow-through shares pursuant to closing its \$0.125 flow-through share financing for gross proceeds of \$250,000 (Note 7(c)). In connection with the raise the Company recorded a flow-through liability of \$66,000 representing the difference between fair value of the common shares and the price the flow-through share price at the date of issuance. As a result, the Company must complete flow-through spending of \$250,000 by December 31, 2023.

As of April 30, 2023, the Company had spent \$nil in qualifying expenditures related to the flow-through liability.

**13. SUBSEQUENT EVENT**

On May 1, 2023, the Company received TSX-V approval on the Dunlop Deposit (Note 6) and issued 100,000 common shares to the optionor.