# GOLDSTORM METALS CORP.

## FINANCIAL STATEMENTS

## FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

## (Expressed in Canadian Dollars)

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Goldstorm Metals Corp.

***Opinion***

We have audited the accompanying financial statements of Goldstorm Metals Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the financial statements, which indicates that the Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

*Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")*

As described in Note 5 to the financial statements, the carrying amount of the Company's E&E Assets was $13,293,297 as of March 31, 2023. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The principal consideration for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the mineral property are in good standing.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

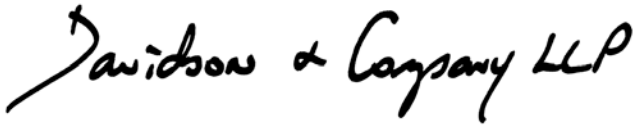
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Catherine Tai.



Vancouver, Canada

Chartered Professional Accountants

July 31, 2023

**GOLDSTORM METALS CORP.**
**STATEMENTS OF FINANCIAL POSITION**
**(Expressed in Canadian dollars)**
**AS AT**

| | | March 31, 2023 | | March 31, 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ | 2,456,660 | $ | - |
| Amounts receivable | | 37,305 | | - |
| Prepaids and deposits | | 150,575 | | - |
| | | 2,644,540 | | - |
| **Reclamation deposits** (Note 5) | | 56,900 | | - |
| **Exploration and evaluation assets** (Note 5) | | 13,293,297 | | - |
| **Equipment** (Note 6) | | 158,862 | | - |
| **Total assets** | $ | 16,153,599 | $ | - |
| **LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 39,505 | $ | - |
| Bank indebtedness | | - | | 6 |
| Due to related parties (Note 8) | | 62,187 | | 3,858 |
| | | 101,692 | | 3,864 |
| **Flow-through share premium liabilities** (Note 9) | | 143,236 | | - |
| **Total liabilities** | | 244,928 | | 3,864 |
| **Shareholder's equity (deficiency)** | | | | |
| Share capital (Note 7) | | 16,414,398 | | 1 |
| Equity reserves (Note 7) | | 1,367,743 | | - |
| Deficit | | (1,873,470) | | (3,865) |
| **Total shareholder's equity (deficiency)** | | 15,908,671 | | (3,864) |
| **Total liabilities and shareholder's equity (deficiency)** | $ | 16,153,599 | $ | - |

Nature and continuance of operations (Note 1)

Approved and authorized for issuance by the Board of Directors:

"*Ken Konkin* " Director "*Helmut Finger*" Director

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

**GOLDSTORM METALS CORP.**
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**(Expressed in Canadian dollars)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **OPERATING EXPENSES** | | |
| Consulting fees (Note 8) | $ 125,058 | $ - |
| Depreciation (Notes 6) | 22,694 | - |
| Office and miscellaneous | 55,971 | 65 |
| Professional fees (Note 8) | 123,453 | 3,800 |
| Rent (Note 8) | 12,486 | - |
| Shareholder information | 115,666 | - |
| Share-based compensation (Notes 7 and 8) | 1,337,284 | - |
| Transfer agent and filing fees | 38,244 | - |
| Travel | 67,968 | - |
| **Loss from operation** | (1,898,824) | (3,865) |
| Foreign exchange loss | (3,640) | - |
| Settlement of flow-through share premium liabilities (Note 9) | 32,859 | - |
| **Loss and comprehensive loss for the year** | $ (1,869,605) | $ (3,865) |
| Loss per share – basic and diluted | $ (0.08) | $ (3,865) |
| Weighted average number of common shares outstanding – basic and diluted | 24,652,652 | 1 |

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

**GOLDSTORM METALS CORP.**
**STATEMENTS OF CASH FLOWS**
**(Expressed in Canadian dollars)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Loss for the year | $ (1,869,605) | $ (3,865) |
| Depreciation | 22,694 | - |
| Settlement of flow-through share premium liabilities | (32,859) | - |
| Share-based compensation | 1,337,284 | - |
| Changes in non-cash working capital items: | | |
| Bank indebtedness | - | 6 |
| Amounts receivable | (37,305) | - |
| Prepaids and deposits | (150,575) | - |
| Accounts payable and accrued liabilities | 25,882 | - |
| Due to related party | 58,329 | 3,858 |
| Cash used in operating activities | (646,155) | (1) |
| **INVESTING ACTIVITIES** | | |
| Equipment additions | (181,556) | |
| Reclamation deposit | (56,900) | - |
| Exploration and evaluation assets expenditures | (319,203) | - |
| Cash used in investing activities | (557,659) | - |
| **FINANCING ACTIVITIES** | | |
| Proceeds from private placement | 3,900,000 | - |
| Share issuance costs | (239,520) | - |
| Cash provided by financing activities | 3,660,480 | - |
| Change in cash | 2,456,666 | (1) |
| Cash (bank indebtedness), beginning of year | (6) | 1 |
| Cash (bank indebtedness), end of year | $ 2,456,660 | $ - |

Supplemental disclosure with respect to cash flows (Note 12)

**GOLDSTORM METALS CORP.**
**STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (DEFICIENCY)**
**(Expressed in Canadian dollars)**
**FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

| | Number of Shares | Share Capital | Equity Reserves | Deficit | Total |
|---|---|---|---|---|---|
| Balance, March 31, 2021 | 1 | $ 1 | $ - | $ - | $ 1 |
| Loss for the year | - | - | - | (3,865) | (3,865) |
| Balance, March 31, 2022 | 1 | 1 | - | (3,865) | (3,864) |
| Shares issued for spun-out assets | 49,847,966 | 12,960,471 | - | - | 12,960,471 |
| Private placements | 14,322,712 | 3,900,000 | - | - | 3,900,000 |
| Share issuance costs | - | (269,979) | 30,459 | - | (239,520) |
| Flow-through share premium liability | - | (176,095) | - | - | (176,095) |
| Share-based compensation | - | - | 1,337,284 | - | 1,337,284 |
| Loss for the year | - | - | - | (1,869,605) | (1,869,605) |
| Balance, March 31, 2023 | 64,170,679 | $16,414,398 | $ 1,367,743 | $(1,873,470) | $15,908,671 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Goldstorm Metals Corp. (the "Company" or "Goldstorm") was incorporated under the laws of British Columbia on August 5, 2020. The Company's head office is located at Suite 789, 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2. The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "GSTM". The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties in Canada.

During the year ended March 31, 2023, the Company completed a plan of arrangement (the "Arrangement") with Tudor Gold Corp. ("Tudor"), whereby the Company issued 49,847,966 common shares as consideration in connection with the spin-off of Tudor's six mineral properties located in the Golden Triangle Area in northwestern British Columbia (Note 4).

As at March 31, 2023, the Company had working capital of $2,542,848. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. These factors represent a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis.

The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

## 2. BASIS OF PREPARATION

These financial statements of the Company for the year ended March 31, 2023 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on July 31, 2023.

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments 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 year. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Field equipment 4 years

### Financial instruments

### Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

| Financial Instrument | IFRS 9 Classification |
|---|---|
| Cash | Amortized cost |
| Reclamation deposits | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Bank indebtedness | Amortized cost |
| Due to related parties | Amortized cost |

**Measurement**

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

**Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortized cost**
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**Equity investments at FVOCI**
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**Debt investments at FVOCI**
These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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

Impairment of financial instruments

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

**Exploration and evaluation assets**

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payment under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company also capitalizes all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditure relates to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

**Impairment of non-financial assets**

Impairment tests on non-financial assets, including exploration and evaluation assets and equipment are performed at the end of each reporting period or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The impairment test is carried out at the cash-generating unit level, which is the smallest identifiable group of assets for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is recognized in profit or loss. 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 years.

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

**Provision and contingent liabilities**

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Flow-through shares**

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. Upon renunciation of the flow through expenditures, the liability component is derecognized in the statement of loss and comprehensive loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss and comprehensive loss.

**Share-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

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

**Income taxes**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in profit or loss in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in profit or loss in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

**(Loss) earnings per share**

Basic (loss) earnings per share is calculated by dividing loss earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow.

Diluted loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, basic per share amounts are the same as on a diluted basis as the result would be anti-dilutive.

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

**Share purchase warrants**

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

The Company uses the residual value method of accounting for warrants included in a share unit offering. When warrants are attached to common shares issued by the Company as part of a share unit offering, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When share purchase warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

**Use of estimates and measurement uncertainties**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

Valuation of stock options and share purchase warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

Economic recoverability of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

## 4. PLAN OF ARRANGEMENT

On August 5, 2020, the Company was incorporated as a subsidiary in Tudor in order to facilitate a plan of arrangement ("Arrangement") whereby the Crown Properties would be spun out to Goldstorm.

On November 10, 2022, Tudor transferred its 100% interest in the Crown Properties to Goldstorm in exchange for 49,847,966 common shares of Goldstorm. The Goldstorm shares were then distributed to Tudor's shareholders. Pursuant to the Arrangement, holders of common shares of Tudor received one new common share of Tudor (each, a "Tudor Share") and 0.251 of a Goldstorm share (each, a "Goldstorm Share") for each common share held. Holders of Tudor's warrants, upon exercise of the warrants at the original exercise price, will receive one Tudor common share and 0.251 of a Goldstorm common share. Tudor, acting as agent for Goldstorm, shall collect and pay to Goldstorm an amount equal to 3.5% of the gross proceeds to reflect the comparative fair values of Tudor and Goldstorm on completion of the Arrangement. The increase in the fair value of Goldstorm's warrant commitment was determined to be immaterial based on relative proportion of the comparative fair values of Tudor and Goldstorm on completion of the Arrangement.

The fair value of net assets transferred was based on the expected market value of a Goldstorm share of $0.26 per share as per a private placement completed on November 10, 2022.

The Arrangement resulted in a fair value of assets transferred to Goldstorm of $12,960,471 with a corresponding increase in share capital.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

| | Crown Property |
|---|---|
| **ACQUISITION** | |
| **Balance, March 31, 2022 and 2021** | $ - |
| Contribution from spinout assets (Note 4) | 12,960,471 |
| **Balance, March 31, 2023** | **$ 12,960,471** |
| **EXPLORATION** | |
| **Balance, March 31, 2022 and 2021** | $ - |
| Assays | 12,910 |
| Consulting | 68,376 |
| Geology (Note 8) | 179,328 |
| Field costs | 29,426 |
| Travel | 42,786 |
| **Balance, March 31, 2023** | **$ 332,826** |
| **CARRYING VALUE** | |
| March 31, 2022 | $ - |
| **March 31, 2023** | **$ 13,293,297** |

**Crown Property**

During the year ended March 31, 2023, the Company completed a plan of arrangement with Tudor whereby the Company issued 49,847,966 common shares as consideration in connection with the spin-off of Tudor's six mineral properties located in the Golden Triangle Area in northwestern British Columbia (Note 4). Collectively, the six mineral properties are known as "Mackie East", "Mackie West", "Fairweather", "High North", "Delta" and "Orion", plus the mineral property known as "Electrum".

**Crown Property - Mackie East and Mackie West (collectively the "Mackie Property")**

The Mackie East claims are subject to a 2.5% net smelter return ("NSR") royalty.

The Mackie West claims are not subject to royalties in respect of these claims.

**Crown Property - Electrum**

The Company owns a 100% interest in the Electrum Property which comprises eight claims, of which six claims are subject to a 2% NSR royalty which can be purchased at any time for $1,000,000.

**Crown Property - Orion**

The Company owns a 100% interest in the Orion Property located in the Skeena Mining Division of northwestern British Columbia. The property is subject to a 2.5% NSR royalty.

**Crown Property - Fairweather, Delta, and High North**

The Company owns a 100% interest in three properties in the Skeena Mining Division of northwestern British Columbia known as the Fairweather Property, the Delta Property, and the High North Property.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

**Reclamation Deposits**

As at March 31, 2023, the Company has a reclamation deposit posted of $56,900 (2022 - $Nil) relating to the Electrum and Mackie properties.

## 6. EQUIPMENT

| | Equipment |
|---|---|
| **Cost** | |
| Balance, March 31, 2022 and 2021 | $ - |
| Additions | 181,556 |
| Balance, March 31, 2023 | $ 181,556 |
| **Accumulated Depreciation** | |
| Balance, March 31, 2022 and 2021 | $ - |
| Depreciation | 22,694 |
| Balance, March 31, 2023 | $ 22,694 |
| **Net book value** | |
| Balance, March 31, 2022 | $ - |
| **Balance, March 31, 2023** | **$ 158,862** |

## 7. SHARE CAPITAL

**Authorized:** Unlimited common shares without par value.

**Share Issuances**

During the year ended March 31, 2023, the Company:

a) Completed a plan of arrangement with Tudor, whereby the Company issued 49,847,966 common shares with fair value of $12,960,471 for the acquisition of the Crown properties (see Note 4).

b) Completed a private placement consisting of 10,800,812 non-flow-through units at a price of $0.26 per unit for gross proceeds of $2,808,211. Each non-flow-through unit consisted of one common share and one share purchase warrant (each a “warrant”). Each warrant is exercisable for one common share at a price of $0.60 for a period of two years from the date of issuance.

c) Completed a private placement consisting of 3,521,900 flow-through units (of which 3,194,400 were subscription receipts that were converted to flow-through units after completion of the Arrangement) at a price of $0.31 per unit for gross proceeds of $1,091,789. Each flow-through unit consisted of one flow-through common share and one share purchase warrant. Each warrant is exercisable for one common share at a price of $0.60 for a period of two years from the date of issuance. The Company recognized a $176,095 flow-through liability from this issuance.

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL** (continued)

In connection with the private placements, the Company paid certain finders a total cash finder's fee of $97,031 and issued an aggregate of 260,052 finder's warrants. Each finder's warrant is exercisable for one common share at a price of $0.26 for a period of two years from the date of issuance. The fair value of the finder's warrants was estimated to be $30,459 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 57.01%; risk-free rate of 3.83%; expected dividends of $Nil. The Company also incurred additional cash share issuance costs of $142,489 in relation to the financings.

There were no share issuances during the year ended March 31, 2022.

**Stock Options**

The Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX-V requirements, to grant options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options may be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

During the year ended March 31, 2023, the Company granted 6,400,000 stock options at an exercise price of $0.26 expiring on November 10, 2030. All these options vest immediately. The fair value of the stock options was estimated to be $1,337,284 using the Black-Scholes option pricing model with the following assumptions: term of 8 years; expected volatility of 86.13%; risk-free rate of 3.15%; and expected dividends of $Nil.

Changes in stock options for the year ended March 31, 2023 are as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance, March 31, 2022 and 2021 | - | $ - |
| Options granted | 6,400,000 | 0.26 |
| Balance, March 31, 2023 | 6,400,000 | $ 0.26 |
| Number of options currently exercisable | 6,400,000 | $ 0.26 |

Stock options outstanding as at March 31, 2023 are as follows:

| Grant Date | Number Outstanding | Exercise Price | Expiry Date |
|---|---|---|---|
| November 10, 2022 | 6,400,000 | $ 0.26 | November 10, 2030 |
| | 6,400,000 | | |

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL (continued)

### Warrants

Under the Arrangement (Note 4), holders of Tudor's warrants, upon exercise of the warrants at the original exercise price, will receive one Tudor common share and 0.251 of a Goldstorm common share. Tudor, acting as agent for Goldstorm, shall collect and pay to Goldstorm an amount equal to 3.5% of the gross proceeds to reflect the comparative fair values of Tudor and Goldstorm on completion of the Arrangement.

Changes in share purchase warrants for the year ended March 31, 2023 are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Balance, March 31, 2022 and 2021 | - | $ - |
| Warrants issued | 14,582,764 | 0.59 |
| Balance, March 31, 2023 | 14,582,764 | $ 0.59 |

Share purchase warrants outstanding at March 31, 2023 are as follows:

| Issue Date | Number Outstanding | Exercise Price | Expiry Date |
|---|---|---|---|
| November 10, 2022 | 14,322,712 | $0.60 | November 10, 2024 |
| November 10, 2022 | 260,052 | 0.26 | November 10, 2024 |
| | 14,582,764 | | |

## 8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The Company incurred consulting fees of $65,500 (2022 - $Nil) to Ken Konkin, the Chief Executive Officer of the Company, for management and supervision of field operations, capitalized to exploration and evaluation assets. At March 31, 2023, the Company owed $19,600 (2022 - $Nil) to Ken Konkin.

The Company incurred consulting fees of $12,000 (2022 - $Nil) to Helmut Finger, a director of the Company. At March 31, 2023, the Company owed $6,000 (2022 - $Nil) to Helmut Finger.

The Company incurred management, accounting and administrative services, which have been recorded as professional fees, of $78,450 (2022 - $Nil) to an accounting firm of which the Chief Financial Officer, Scott Davis is a partner. At March 31, 2023, the Company owed $9,492 (2022 - $Nil) to this accounting firm.

The Company incurred fees of $42,432 (2022 - $Nil) to Natalie Senger, the Vice President Resource Development of the Company. These fees have been capitalized under exploration and evaluation assets and recorded as geological expenditures.

(Expressed in Canadian Dollars)

## 8. RELATED PARTY TRANSACTIONS (continued)

During the year ended March 31, 2023, the Company recognized share-based compensation expense of $1,131,781 (2022 - $Nil) for options granted to various officers and directors of the Company.

The Company incurred rent of $12,486 (2022 - $Nil) to Tudor, a company with common directors. As at March 31, 2023, the Company owed $27,096 (2022 - $3,858) to Tudor for expense reimbursements. The amount is unsecured, non-interest bearing with no terms of repayment.

## 9. FLOW-THROUGH SHARE PREMIUM LIABILITY

The following is a continuity schedule of the Company's flow-through share premium liability.

| | | Issued in November 2022 |
|---|---|---|
| **Balance at March 31, 2022 and 2021** | $ | - |
| Liability incurred on flow-through shares issued | | 176,095 |
| Settlement of flow-through share premium liability on expenditures incurred | | (32,859) |
| **Balance at March 31, 2023** | $ | 143,236 |

During the year ended March 31, 2023, the Company completed a private placement consisting of 3,521,900 flow-through units at a price of $0.31 per unit for gross proceeds of $1,091,789. A flow-through liability of $176,095 was recognized on the issuance date. As at March 31, 2023, $888,064 remains to be spent on qualifying expenditures.

## 10. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at March 31, 2023, the Company had cash of $2,456,660 to settle current liabilities of $101,692. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

**10. FINANCIAL INSTRUMENTS AND RISKS** (continued)

(b) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's cash is held with a major Canadian based financial institution. The carrying amount of financial assets represents the maximum credit exposure.

(c) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

(d) Interest rate risk

The Company is not exposed to interest rate risk.

(e) Commodity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold to determine the appropriate course of action to manage this risk.

(a) Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities;

*Level 2* – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

*Level 3* – Inputs that are not based on observable market data.

The estimated fair values of other financial instruments, including, cash, receivables, reclamation deposits, accounts payable and accrued liabilities and due to related parties, are equal to their carrying values due to the short-term nature of these instruments.

## 11. CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As at March 31, 2023, the Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended March 31, 2023.

## 12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended March 31, 2023, the Company:

- Included $13,623 in exploration and evaluation assets which relates to accounts payable and accrued liabilities.
- Issued 49,847,966 common shares valued at $12,960,471 for the acquisition of the Crown Property (Note 4).
- Issued 260,052 finder's warrants with fair value of $30,459.

There were no supplemental disclosures with respect to cash flows during the year ended March 31, 2022.

(Expressed in Canadian Dollars)

## 13. INCOME TAXES

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

| | 2023 | 2022 |
|---|---|---|
| Loss for the year | $ (1,869,605) | $ (3,865) |
| Expected income tax recovery | $ (505,000) | $ (1,000) |
| Permanent differences | 371,000 | - |
| Impact of flow through shares | 60,000 | - |
| Share issue costs | (65,000) | - |
| Change in unrecognizable deductible temporary differences | 139,000 | 1,000 |
| **Total income tax expense (recovery)** | **$ -** | **$ -** |

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Equipment | $ 6,000 | $ - |
| Share issue costs and other | 52,000 | - |
| Exploration and evaluation assets | (60,000) | - |
| Non-capital losses available for future periods | 142,000 | 1,000 |
| | 140,000 | 1,000 |
| Unrecognized deferred tax assets | (140,000) | (1,000) |
| **Net deferred tax assets (liabilities)** | **$ -** | **$ -** |

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

| | 2023 | Expiry Date Range | 2022 | Expiry Date Range |
|---|---|---|---|---|
| **Temporary Differences** | | | | |
| Equipment | $ 23,000 | No expiry date | $ - | Not applicable |
| Share issue costs | 192,000 | 2044 to 2047 | - | Not applicable |
| Non-capital losses available for future periods | 302,000 | 2042 to 2043 | 4,000 | 2042 |

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