PACIFIC IMPERIAL MINES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

PACIFIC IMPERIAL MINES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash		64,714	299,881
GST receivable		26,703	19,825
Prepaid expenses		3,655	4,297
Total assets		**95,072**	**324,003**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		27,818	63,731
Due to related parties	4	20,400	12,949
Flow-through share premium liability		61,900	81,200
Total liabilities		110,118	157,880
EQUITY (DEFICIENCY)			
Share capital	5	4,668,449	4,668,449
Contributed surplus		2,661,144	2,661,144
Deficit		(7,344,639)	(7,163,470)
Total Equity (Deficiency)		(15,046)	166,123
Total liabilities and equity		**95,072**	**324,003**

Nature of business and continuance of operation (Note 1)

Subsequent events (Note 9)

Approved on behalf of the Board of Directors:

"Roman Shklanka"
Roman Shklanka,
Director

"Richard Gosse"
Richard Gosse,
Director

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

	Note	2022 $	2021 $
Exploration costs	3	146,855	288,866
General and administrative expenses			
Accounting and audit		19,929	22,335
Legal		7,182	16,427
Office and miscellaneous		15,365	26,547
Share based compensation		-	211,696
Shareholder communications		7,833	11,951
Transfer agent fees		3,521	3,899
Loss before other items		200,685	581,721
Other items			
Interest income		(216)	(314)
Recovery of flow-through share premium		(19,300)	(52,800)
Net loss and comprehensive loss		**181,169**	**528,607**
Loss per share, basic and diluted		-	(0.01)
Weighted average shares outstanding		79,077,468	72,518,016

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars, except number of shares)

	Share Capital				
	Number of Shares	Amount $	Contributed Surplus $	Deficit $	Total $
Balance, June 30, 2020	68,577,468	4,331,997	2,431,535	(6,634,863)	128,669
Private placements – net of share issuance cost	10,100,000	468,365	-	-	468,365
Flow-through share premium	-	(134,000)	-	-	(134,000)
Fair value of finders warrants	-	(17,913)	17,913	-	-
Share issued for mineral property option payment	400,000	20,000	-	-	20,000
Share based compensation	-	-	211,696	-	211,696
Net loss for the year	-	-	-	(528,607)	(528,607)
Balance, June 30, 2021	**79,077,468**	**4,668,449**	**2,661,144**	**(7,163,470)**	**166,123**
Net loss for the year	-	-	-	(181,169)	(181,169)
Balance, June 30, 2022	**79,077,468**	**4,668,449**	**2,661,144**	**(7,344,639)**	**(15,046)**

(The accompanying notes are integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	2022 $	2021 $
OPERATING ACTIVITIES		
Loss for the year	(181,169)	(528,607)
Adjustments for non-cash items:		
Share based compensation	-	211,696
Shares issued for option payment	-	20,000
Recovery of flow-through premium	(19,300)	(52,800)
	(200,469)	(349,711)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(35,911)	62,016
GST receivable	(6,878)	(9,895)
Due to related parties	7,451	5,699
Prepaid expenses	640	(2,919)
Net cash used in operating activities	(235,167)	(294,810)
FINANCING ACTIVITIES		
Issuance of common shares, net of share issue cost	-	468,365
Net cash used in financing activities	-	468,365
(Decrease) Increase in cash	(235,167)	173,555
Cash, beginning of year	299,881	126,326
Cash, end of year	**64,714**	**299,881**

Supplemental disclosure of cash flow information:		
Interest paid in cash	-	-
Income tax paid in cash	-	-

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Business and Going Concern

Pacific Imperial Mines Inc. ("the Company") was incorporated under the British Columbia Business Corporations Act since September 18, 1987. The Company's shares are listed on the TSX Venture Exchange. The Company's principal office is located at Suite 1700, 700 West Pender Street, Vancouver, B.C. Canada V6C 1G8. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These financial statements of the Company have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has experienced losses since its inception amounting to $7,344,639 as of June 30, 2022. The ability of the Company to meet its commitments as they become payable is dependent on the ability of the Company to acquire assets or a business or an interest therein, obtain the necessary financing, and develop assets or operations which will generate cash flows, either as a result of their disposal or from ongoing operations. The Company does not currently have assets or a business capable of generating ongoing cash flows. There is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising. These conditions along with other matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast significant doubt upon the validity of this assumption.

In the event the Company is unable to arrange appropriate financing, the carrying value of the Company's assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and statement of compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value as described in Note 2(m). In addition, these financial statements have been prepared using the accrual method of accounting except for cash flow information.

(b) Use of estimates and judgments

Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements during the reporting period.

Significant areas requiring the use of management estimates include the decommissioning liabilities on mineral interests and recoverability and measurement of deferred tax assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year. Critical accounting judgements is going concern.

(c) Consolidation

These consolidated financial statements include the financial statements of the Company and of its wholly-owned subsidiary Pacific Imperial Mines Nevada Inc. All intercompany transactions have been eliminated in the preparation of consolidated financial statements.

(d) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into known amounts of cash that have original maturities of three months or less when purchased.

2. Summary of Significant Accounting Policies (continued)

(e) Impairment

Non-financial assets with finite lives are tested for impairment at the end of each reporting period. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

(f) Equipment

Equipment is recorded at cost and amortized at the following rates per annum using the declining balance method:

Computer equipment and software	30%

Additions during the period are amortized at one-half the normal rate in the period of acquisition.

(g) Mineral interests

The Company follows the method of accounting for its mineral interests whereby costs for acquisition of mineral interest or rights to explore and costs related to exploration and evaluation of a property are expensed as they are incurred until such time as the technical feasibility and commercial viability of the project is demonstrable. Development costs incurred are capitalized after the technical feasibility and commercial viability of a project is demonstrated and a development decision has been made. The capitalized costs of the related property are depreciated using the units of production method on commencement of commercial production. If it is determined that capitalized costs are not recoverable, or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties capitalized are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(h) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding expense is recorded to net loss in the period that it is recognized. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at June 30, 2022, the Company had accrued $1,400 (2021 - $1,400) in decommissioning liabilities related to the exploration and development of its mineral interests.

2. Summary of Significant Accounting Policies (continued)

(i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(j) Income taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement using tax rates and laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(k) Basic and diluted loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

2. Summary of Significant Accounting Policies (continued)

(k) Share-based payment (continued)

The Company has a share-based payment plan as disclosed in Note 5, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company uses a fair value based method of accounting for stock options to directors and employees. Stock options granted to non-employees are valued based on the fair value of the goods or services received or when fair value cannot be estimated reliably, the Company computes a fair value using the Black-Scholes option pricing model with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The cost is recognized over the applicable vesting period as an increase in share-based payment expense, with the offset credit to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

(l) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

(m) Financial instruments

Financial assets

<u>Classification</u>

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL")), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company has not designated any financial assets at amortized cost.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method. The Company has not designated any financial assets at FVOCI.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises. The Company has classified its cash as FVTPL.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- FVTPL; and
- Amortized cost.

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or at amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and amounts due to related parties as amortized cost.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company recognizes loss allowances for expected credit losses (“ECLs”) on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

(n) Foreign exchange

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

(1) monetary assets and liabilities at the rate of exchange in effect at the financial statement date;
(2) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
(3) revenue and expenses at the exchange rates prevailing as of the date of the transaction.

2. Summary of Significant Accounting Policies (continued)

(o) Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term unless another systematic basis is more representative of the usage of the economic benefits from the leased asset.

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrow rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement and any direct costs. They are subsequently measured at cost less depreciation and any impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

During the year ended June 30, 2022, all of the Company's leases are short-term lease with a term of 12 months or less and are recorded as operating lease.

(p) Flow-through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to share capital based on the market close price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability. At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Flow-through premium liability – equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability
- Share capital – the market close price of the common share
- Contributed Surplus – the residual proceeds allocated to the warrants

Thereafter, as qualifying resource expenditures are incurred, these costs are charged to operations and the associated flow-through premium, if any, is recognized as other income.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares, if any. For this adjustment, the

2. Summary of Significant Accounting Policies (continued)

(p) Flow-through Shares (continued)

Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule that remains unspent, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

(q) Adoption of New or Amended Accounting Standards

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

3. Mineral Interests

Eagle Mountain Property, California

The Company has acquired by staking a 100% interest in the Eagle Mountain Lithium prospect located in Inyo County, California, within 15 kilometers of the Nevada border. The property currently consists of 167 placer claim units, each 20 acres in size, totaling approximately 3,340 acres located in the Alkali Flats area, near Death Valley Junction and covering most of the Eagle Mountain Salina.

On September 12, 2018, the Company entered into a Staking Agreement with Star Peak Mining LLC to stake mining claims near Death Valley Junction California on behalf of Pacific Imperial Mines Nevada Inc. In accordance with the agreement, Star Peak Mining LLC has staked 77 new placer claims and re-staked 90 existing placers claims on behalf of the Company under the name Pacific Imperial Mines Nevada Inc. All other previously staked claims were abandoned.

On March 29, 2019, the Company staked an additional 56 claims in Inyo County, California to expand the Eagle Mountain property. At that time the Company held 223 claims. In September 2021, the Company dropped many claims and currently holds 21 placer claims.

(Expressed in Canadian Dollars)

3. Mineral Interests (continued)

Trek 31 Property, British Columbia

On October 13, 2020 ("Effective date"), the Company entered into an Option Agreement with Orogen Royalties Corp. ("Orogen") whereby the Company can earn up to an 100% interest in the five claim, 94 km, TREK 31 project situated in the Nechako Plateau of central British Columbia.

The terms of the agreement require the Company to incur the following exploration expenditures and make the following cash payments to Orogen as follows:

Time	Aggregate Exploration Expenditures $	Cash Payments $
Within 6 months of Effective Date	-	20,000 - Paid
1st Anniversary of Effective Date*	300,000	30,000
2nd Anniversary of Effective Date	1,000,000	50,000
3rd Anniversary of Effective Date	1,500,000	100,000
4th Anniversary of Effective Date	2,000,000	100,000
5th Anniversary of Effective Date	3,000,000	1,000,000
TOTAL	**7,800,000**	**1,300,000**

** Extended due to regional forest fire activity. Upon signing the extension, the Company paid $15,000 with the balance of $15,000 due July 13, 2022.*

Tulameen-Granite Creek Property, British Columbia

On May 15, 2021 (the "Effective Date"), the Company entered into an Option Agreement with Yeomans Geological Inc. ("Yeomans") whereby the Company can earn up to an 100% interest in the Tulameen-Granite Creek project.

The terms of the agreement require the Company to incur the following exploration expenditures and make the following payments to Yeomans as follows:

Time	Aggregate Exploration Expenditures $	Cash $	Shares
May 15, 2021 (Effective Date) Subject to and upon TSX Approval	-	-	400,000 – Paid*
August 30, 2022	300,000	20,000	200,000
2nd Anniversary of Effective Date	1,000,000	40,000	200,000
3rd Anniversary of Effective Date	1,500,000	90,000	200,000
4th Anniversary of Effective Date	2,000,000	90,000	200,000
5th Anniversary of Effective Date	3,000,000	1,000,000	1,000,000
TOTAL	**7,800,000**	**1,240,000**	**2,200,000**

** Firm commitment, all other payments are at the option of the Company.*

(Expressed in Canadian Dollars)

3. Mineral Interests (continued)

Providing that the Company continues to make cash payments, share issuance and exploration milestones on the anniversary dates it will earn a 100% interest in the Tulameen-Granite Creek project, subject to a 2.0% NSR royalty in favour of Yeomans. The Company may purchase 1% of the NSR royalty for $3,000,000. The Company will earn partial rights to the property. Upon spending an aggregate of $1,500,000 on or before the 3rd anniversary of the Effective Date the Company will earn 51% interest in the property. Upon spending an aggregate of $2,000,000 on or before the 4th anniversary of the Effective Date the Company will earn 66% interest in the property.

On August 31, 2022, on account of non-fulfilment of certain underlying conditions as defined in the Option agreement, the Option Agreement with Yeomans was terminated.

During the years ended June 30, 2022, and 2021, the Company incurred the following exploration costs:

	2022 $	2021 $
Eagle Mountain Property		
Geological	1,795	37,478
Mineral claims and filing fees	33,744	-
	35,539	37,478
Trek 31 Property		
Option payment – non cash	15,000	20,000
Consulting	21,400	1,375
Field expenses	12,583	17,324
Geo-physical	-	65,723
Project management fee	672	348
Travel and accommodation	2,393	3,940
	52,048	108,710
Tulameen Property		
Option payment	-	20,000
Assay	29,609	-
Field expense	104	8,978
Geological	29,555	99,887
Mineral claims and filing fees	-	4,347
Travel and accommodation	-	9,466
	59,268	142,678
Total	**146,855**	**288,866**

Out of the $505,000 proceeds received from the issuance of flow-through units, to June 30, 2022, the Company has incurred $290,507 on qualifying resource expenditures. The Company incurred $76,525 on qualifying resource expenditures subsequent to June 30, 2022 and is required to complete another $137,968, prior to April 12, 2023. If such expenditures are not incurred prior to April 12, 2023, the Company would incur penalties from Canada Revenue Agency.

(Expressed in Canadian Dollars)

4. Related Party Balances and Transactions

During the years ended June 30, 2022 and 2021, the Company had the following transactions with related parties:

(a) Key management compensation

Key management consists of senior officers and directors of the Company, their compensation is as follows:

	2022 $	2021 $
Consulting fees	20,329	12,900
Share based compensation	-	205,910
Total	**20,329**	**218,810**

As at June 30, 2022 there was $20,400 (2021 - $12,949) owing to officers of the Company for consulting fees.

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

5. Share Capital

(a) Authorized: unlimited common shares with no par value

(b) Issued and outstanding:

During the year ended June 30, 2022

The Company did not issue any common shares during the year ended June 30, 2022.

During the year ended June 30, 2021

On December 11, 2020, the Company completed a non-brokered flow-through private placement of 1,400,000 units at a price of $0.05 per unit for a gross amount of $70,000. Each unit is comprised of one flow-through common share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a period of two years from closing. The Company recognized a flow-through premium liability of $28,000 on issuance. The residual value of the private placement of $42,000 was allocated to share capital.

On December 31, 2020, the Company completed a brokered flow-through private placement of 4,900,000 units at a price of $0.05 per unit for a gross amount of $245,000. Each unit is comprised of one flow-through common share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a period of two years from closing.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

(b) Issued and outstanding (continued):

The Company recognized a flow-through premium liability of $49,000 on issuance. The residual value of the private placement of $196,000 was allocated to share capital.

In connection with the brokered private placement, the Company paid a finders' fee of $19,700 and issued 392,000 finders warrants. The finders' warrants were determined to have a fair value of $10,993. The finder warrants are exercisable for two years at $0.10 per share. The fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model. The assumptions used in the pricing model were: a share price at grant date of $0.04, an expected life of 2 years; annualized volatility of 183%; a risk free interest rate of 0.18%; and zero expected dividend yield.

On April 23, 2021, the Company completed a brokered flow-through private placement of 3,800,000 units at a price of $0.05 per unit for a gross amount of $190,000. Each unit is comprised of one flow-through common share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a period of two years from closing. The Company recognized a flow-through premium liability of $57,000 on issuance. The residual value of the private placement of $133,000 was allocated to share capital.

In connection with the brokered private placement, the Company paid a finders' fee of $16,935 and issued 304,000 finders warrants. The finders' warrants were determined to have a fair value of $6,920. The finder warrants are exercisable for two years at $0.10 per share.

The fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model. The assumptions used in the pricing model were: a share price at grant date of $0.04, an expected life of 2 years; annualized volatility of 174%; a risk free interest rate of 0.31%; and zero expected dividend yield.

(c) Options

The Company has adopted a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding share capital of the Company from time to time.

The following table summarizes the continuity of the Company's stock options issued and outstanding at June 30, 2022:

	Number of options	**Weighted average exercise price**
Balance, June 30, 2020	1,800,000	$0.05
Granted	6,000,000	$0.05
Balance, June 30, 2021 and June 30, 2022	**7,800,000**	**$0.05**

(Expressed in Canadian Dollars)

5. Share Capital (continued)

(c) Options (continued)

The following table summarizes the number of stock options outstanding and exercisable at June 30, 2022:

		Options Outstanding		Options Exercisable	
Expiry Date	**Exercise price**	**Number of options**	**Weighted average remaining contractual life in years**	**Number of options**	**Weighted average remaining contractual life in years**
February 23, 2023	$0.05	1,800,000	0.7	1,800,000	0.7
September 29, 2025	$0.05	2,300,000	3.2	2,300,000	3.2
November 3, 2025	$0.05	100,000	3.4	100,000	3.4
February 10, 2026	$0.05	100,000	3.6	100,000	3.6
June 15, 2026	$0.05	3,500,000	3.9	3,500,000	3.9
		7,800,000	**2.98**	**7,800,000**	**2.98**

For the year ended June 30, 2022, the Company recognized a share based compensation expense of $Nil (2021 - $211,696).

(d) Warrants

The following table summarizes the Company's warrants during the years ended June 30, 2022 and 2021 as follows:

	Number of warrants	**Weighted average exercise price**
Balance, June 30, 2021	10,796,000	$0.10
Issued	-	-
Balance, June 30, 2022	**10,796,000**	**$0.10**

Details of share purchase warrants outstanding at June 30, 2022:

Expiry Date	**Exercise Price**	**Number of warrants**	**Weighted average remaining contractual life in years**
December 11, 2022	$0.10	1,400,000	0.5
December 31, 2022	$0.10	5,292,000	0.5
April 23, 2023	$0.10	4,104,000	0.8
Balance, June 30, 2022	**$0.10**	**10,796,000**	**0.6**

6. Management of Capital

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises of equity.

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

The Company's investment policy is to invest its cash in financial instruments with financial institutions with terms to maturity selected to match expected timing of expenditures from continuing operations.

7. Financial Instruments and Financial Risk

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash, accounts payable and amounts due to related parties. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	2022	**2021**
	$	**$**
Assets as FVTPL (i)	64,714	299,881
Liabilities at amortized cost (ii)	48,218	76,680

(ii) Cash
(iii) Accounts payable, and amounts due to related parties

Fair Value

For fair value estimates, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Significant unobservable inputs which are supported by little or no market activity.

Cash is measured at fair value on a recurring basis using Level 1 inputs. The estimated fair values of accounts payable and amounts due to related parties approximate their respective carrying values due to their short periods to maturity.

The Company's risk exposures and the related potential impact on the Company's financial instruments are summarized below:

7. Financial Instruments and Financial Risk (continued)

Credit Risk

The Company is not exposed to significant credit risk. The Company limits exposure to credit risk by maintaining its cash with financial institutions.

Liquidity Risk

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

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuances when required. All the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 1 that describe the material uncertainties that cast significant doubt over the Company's ability to continue as a going concern.

As described in Note 3, the Company is required to incur $214,493 of qualifying expenditures in connection with the issuance of flow-through units (Note 5(b)). In order to incur such expenditures, the Company is required to raise additional capital. If the Company does not incur such expenditures prior to April 12, 2023, the Company would incur penalties from Canada Revenue Agency.

Foreign Exchange Risk

As at June 30, 2022 the Company is not exposed to significant foreign exchange risk. The Company does not actively manage this risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

(Expressed in Canadian Dollars)

8. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2022	2021
Canadian statutory tax rate	27%	27%
	$	$
Income tax (recovery) at combined statutory rate	(49,000)	(143,000)
Non-deductible and other items	(31,000)	95,000
Change in deferred tax asset not recognized	80,000	48,000
Deferred income tax recovery	$ -	$ -

As June 30, 2022 and 2021 the amount of deductible temporary differences for which no deferred tax assets is recognized in the statements of financial position is as follows:

	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Canadian statutory tax rate		27%		27%
	$	$	$	$
Non-capital losses	2,396,000	627,000	2,322,000	627,000
Capital losses	749,000	202,000	749,000	202,000
Mineral properties and other assets	1,570,000	358,000	1,327,000	358,000
Share issuance costs	21,000	11,000	41,000	11,000
	4,736,000	1,198,000	4,439,000	1,198,000
Unrecognized deferred tax assets	(4,736,000)	(1,198,000)	(4,439,000)	(1,198,000)
Net deferred tax assets not recognized	-	-	-	-

The Company has non-capital losses for income tax purposes of approximately $2,396,000 (2021 - $2,322,000) which may be carried forward and offset against future taxable income. These losses expire from 2028 to 2042.

9. Subsequent events

On August 2, 2022, the Company received from its directors, $70,000 interest free working capital loan, which is due on demand.