Southern Arc
MINERALS INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

(Expressed in Canadian dollars)

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Southern Arc Minerals Inc.

Opinion

We have audited the financial statements of Southern Arc. Minerals Inc. ("the Company"), which comprise:

– the statements of financial position as at June 30, 2022 and June 30, 2021;

– the statements of net income (loss), comprehensive income (loss), cash flows and changes in equity for the years then ended; and

– and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and June 30, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company has no current sources of revenue and does not have sufficient cash to fund future investing activities. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

– the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors’ 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 auditors’ 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 the 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 auditors’ 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 auditors’ 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.

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

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is James Barron, CPA, CA.

Vancouver, Canada
October 19, 2022

SOUTHERN ARC MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at		**June 30, 2022**		**June 30, 2021**
Assets				
Current				
Cash	$	1,045,281	$	630,070
Receivables		9,970		12,381
Prepaid expenses and other deposits (Note 6)		18,106		19,778
Investments (Note 3)		76,662		851,988
		1,150,019		1,514,217
Investments (Note 3)		-		1,045,930
Furniture and equipment (Note 4)		3,435		4,243
Total assets	**$**	**1,153,454**	**$**	**2,564,390**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	49,871	$	61,242
Total liabilities		49,871		61,242
Shareholders' equity				
Capital stock (Note 5)		78,577,429		78,577,429
Treasury stock (Note 5)		(1,170,000)		(1,170,000)
Equity reserve		12,204,724		12,204,724
Accumulated other comprehensive loss		(209,083)		(1,585,431)
Deficit		(88,299,487)		(85,523,574)
Total shareholders' equity		1,103,583		2,503,148
Total liabilities and shareholders' equity	**$**	**1,153,454**	**$**	**2,564,390**

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issuance on October 18, 2022:

On behalf of the Board of Directors

"John Proust" Director *"Morris Klid"* Director

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF NET INCOME (LOSS)
(Expressed in Canadian dollars)

For the years ended		June 30, 2022		June 30, 2021
Expenses				
Depreciation (Note 4)	$	808	$	26,407
Office and miscellaneous (Note 6)		78,509		115,356
Management fees (Note 6)		240,000		280,000
Foreign exchange loss		17,723		14,742
Investor relations		2,444		4,794
Professional fees		87,919		297,691
Transfer agent and filing fees		18,945		66,278
Loss before other items		**(446,348)**		**(805,268)**
Other income (expense)				
Interest and other income		1,311		28,785
Realized and unrealized loss on investments (Note 3)		(954,383)		(721,458)
Equity loss from investment in associate (Note 3)		-		(152,362)
Gain on return of capital transaction (Note 5)		-		6,743,518
		(953,072)		5,898,483
Net (loss) income before income taxes	**$**	**(1,399,420)**	**$**	**5,093,215**
Income tax recovery (Note 7)		-		176,820
Net (loss) income for the year	**$**	**(1,399,420)**	**$**	**5,270,035**
Basic (loss) income per share	$	(0.06)	$	0.22
Diluted (loss) income per share	$	(0.06)	$	0.22
Weighted average shares outstanding (Note 5)		22,768,283		21,797,371
Diluted weighted average shares outstanding (Note 5)		22,768,283		21,797,371

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

For the years ended		**June 30, 2022**		**June 30, 2021**
Net (loss) income for the year	$	(1,399,420)	$	5,270,035
Other comprehensive (loss) income				
Items that may not be subsequently reclassified to (loss) income:				
Change in fair value of investments		(145)		1,308,820
Net income tax expense related to available for sale investments		-		(176,820)
Items that may be subsequently reclassified to (loss) income:				
Reclassification of cumulative translation adjustment to net income upon loss of significant influence		-		(137,083)
Cumulative foreign currency translation adjustment		-		5,206
		(145)		1,000,123
Total comprehensive (loss) income for the year	**$**	**(1,399,565)**	**$**	**6,270,158**

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Years ended	June 30, 2022	June 30, 2021
Cash flows from operating activities		
Net (loss) income for the year	$ (1,399,420)	$ 5,270,035
Items not affecting cash:		
Depreciation	808	26,407
Income tax recovery	-	(176,820)
Equity loss from investment in associate (Note 3)	-	152,362
Realized and unrealized loss on investments (Note 3)	954,383	721,458
Gain on return of capital transaction (Note 5)	-	(6,743,518)
Changes in non-cash working capital items:		
Receivables and prepaid expenses	4,083	58,330
Accounts payable, accrued liabilities and other long-term liabilities	(11,371)	(82,640)
Net cash used in operating activities	(451,517)	(774,386)
Cash flows from (used in) investing activities		
Acquisition of investment	-	(266,062)
Property and equipment	-	(4,849)
Proceeds from sale of available for sale investments	866,728	188,143
Net cash provided by (used in) investing activities	866,728	(82,768)
Cash flows from financing activities		
Cash received from exercise of options and warrants	-	1,163,084
Lease payments	-	(25,633)
Net cash provided by financing activities	-	1,137,451
Change in cash during the year	**415,211**	**280,297**
Cash, beginning of the year	630,070	349,773
Cash, end of the year	**$ 1,045,281**	**$ 630,070**

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

SOUTHERN ARC MINERALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Capital Stock		Treasury Stock	Equity Reserve	Accumulated Other Comprehensive Income (loss)	Deficit	Total Equity
	Number of shares	Capital Stock					
Balance, June 30, 2020	**19,174,616**	**$ 77,171,731**	**$ (1,170,000)**	**$ 12,447,338**	**$ (1,715,892)**	**$ (71,574,522)**	**$ 15,158,655**
Return of capital	-	-	-	-	-	(20,088,749)	(20,088,749)
Net income for the year	-	-	-	-	-	5,270,035	5,270,035
Shares issued for exercise of options and warrants	3,593,667	1,405,698	-	(242,614)	-	-	1,163,084
Accumulated other comprehensive income transferred to deficit	-	-	-	-	(869,662)	869,662	-
Other comprehensive income	-	-	-	-	1,000,123	-	1,000,123
Balance, June 30, 2021	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,204,724**	**$ (1,585,431)**	**$ (85,523,574)**	**$ 2,503,148**
Net loss for the year	-	-	-	-	-	(1,399,420)	(1,399,420)
Accumulated other comprehensive income transferred to deficit	-	-	-	-	1,376,493	(1,376,493)	-
Other comprehensive loss	-	-	-	-	(145)	-	(145)
Balance, June 30, 2022	**22,768,283**	**$ 78,577,429**	**$ (1,170,000)**	**$ 12,204,724**	**$ (209,083)**	**$ (88,299,487)**	**$ 1,103,583**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Southern Arc Minerals Inc. ("Southern Arc" or "the Company") was incorporated in British Columbia, Canada on August 19, 2004. The Company is a Canadian company focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. The Company's head office is located at Suite 650 - 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company does not currently generate any revenues or have operations that generate cash flows. Accordingly, the Company relies on funding received from the sale of investments and financing received from the issuance of common shares or loans and borrowings to finance its strategic investment activities and general and administrative costs.

On October 16, 2020 (the "Distribution Date"), the Company distributed certain of its investment securities with a carrying value of $13,345,231 to the shareholders of the Company (note 5). Subsequent to the distribution, the Company's business plan is to continue making strategic investments in resource companies with a focus on gold and copper-gold. Based on current plans, the Company has sufficient cash to finance its general and administrative expenses and other current obligations for the next twelve-month period. However, the Company expects that it will require additional debt or equity funding in the future in order to maintain current operations and to fund future investments or exploration projects. The Company's ability to continue as a going concern is dependent on its ability to successfully raise additional funds. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future.

On March 11, 2020, the novel coronavirus outbreak ("COVID-19") outbreak was declared a pandemic by the World Health Organization. Although the Company has not been significantly impacted to date, the extent of the impact of COVID-19 on future periods will depend on future developments, including the duration or resurgence of the pandemic, related government responses and the impact on the global economy, which are uncertain and cannot be predicted These impacts could include an impact on the Company's ability to obtain debt and equity financing to fund ongoing investing activities as well as the Company's ability to conduct business.

In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. In response to the military action by Russia, various countries, including Canada, the United States, the United Kingdom and European Union issued broad-ranging economic sanctions against Russia. Such sanctions (and any future sanctions) and other actions against Russia may adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and cause severe negative effects on regional and global economic markets. As a result, the Company's business, financial condition, and results of operations may be negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements are presented on a historical cost basis, except for financial assets classified as fair value through other comprehensive income, or derivatives, including warrants, which are recorded at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates

The preparation of these financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. 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 conditions and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, the valuation of investments in warrants which requires estimates of volatility and discount rates. These assumptions affect the fair value of these investments in warrants and the related unrealized gains (losses) on investments.

Critical accounting judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments. The Company's assessment of its ability to continue as a going concern requires judgements about whether sufficient financing will be obtained as required. See Note 1.

Furniture and equipment

Furniture, computers, and equipment are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets currently estimated to be four years.

Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease or the life of the underlying asset.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency of an entity are recorded at the exchange rates prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency translation differences are recognized in profit or loss.

Income (Loss) per share

The Company presents basic per share data for its common shares, calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the net income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. In reporting periods when a loss is incurred, potential issuance of shares would be anti-dilutive and, therefore, basic and diluted loss per share are the same.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

At the inception of a contract, an assessment is made as to whether a contract is or contains a lease. A contract is or contains a lease if the contract offers the right to control the use of a specific asset, for a period of time, in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the following criteria are considered:

- The contract involves the use of an identified asset that is physically distinct or represents substantially all of the capacity of a physically distinct asset. No asset is identified if the supplier of the assets has substantive substitution rights;
- Whether the Company has the right to obtain substantially all of the economic benefits from the asset throughout the agreement term; and
- Whether the Company has the right to direct the use of the asset and change how and for what purpose the asset is used.

A right-of-use asset and a corresponding lease liability are recognized on the date a leased asset is available for use by the Company. Assets and liabilities arising from the lease determination are initially measured on a present value basis of the following payments:

- Fixed payments, less any lease incentives receivable;
- Amounts expected to be payable by the lessee under any residual value guarantees;
- The exercise of a purchase option if the lessee is reasonably certain to exercise that option;
- Restoration costs; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate is used to calculate the present value. The Company’s borrowing rate is the rate that the Company, as the lessee, would pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease term is comprised of the non-cancellable period of the lease contract, as well as options to terminate or extend the lease term if the exercise of either option is reasonably certain.

Right-of-use assets are subsequently measured at cost less depreciation on a straight-line basis and reduced to reflect impairment losses (if any) and adjusted for any remeasurement of the lease liability. After the lease commencement date, lease liabilities are measured at amortized cost using the effective interest method, which increases the liability amount to reflect interest on the lease liability and reduced the lease liability by lease payments made, and also reflects any remeasurement or lease modifications. If a remeasurement to the lease liability is deemed necessary, a corresponding adjustment is also made to the carrying value of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets are depreciated over the shorter of lease term and useful life of the underlying asset.

Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss over the respective lease terms. Short-term leases are leases with a lease term of 12 months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Short term employee benefits are expensed as the related services are performed. The Company has no other employee benefit plans other than share-based payment transactions.

Share-based payment transactions

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for employee options is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which these deductions can be applied. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

Financial assets

Financial assets are classified as: Fair value through profit and loss ("FVTPL"), Fair value through other comprehensive income ("FVTOCI") and financial assets subsequently measured at amortized cost.

a) <u>Amortized cost</u>

The Company classifies financial assets as subsequently measured at amortized cost if both of the following conditions are met:

- the financial asset is held with the objective to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets measured at amortized cost are recognized using the effective interest rate method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired.

The Company's financial assets subsequently measured at amortized cost include cash, receivables and deposits.

b) <u>Fair value through other comprehensive income</u>

Financial assets that meet the following conditions are measured at FVTOCI:

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

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income ("OCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to deficit.

The Company classifies its investment in common shares of Japan Gold Corp., PT Ancora Indonesia Resources Tbk., Adriatic Metals Plc. and Rise Gold Corp. as FVTOCI.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial assets at fair value through profit and loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are recognized in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

The Company classifies its investments in warrants as FVTPL.

Financial liabilities

Derivative liabilities are measured at fair value initially and on each reporting date with changes in fair value recognized in profit or loss. All other financial liabilities of the Company are initially measured at fair value net of issue costs and are subsequently measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Investments in associates

Associates are entities over which the Company has significant influence but not control, generally when the Company's shareholding is between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other equity changes of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate is equal to or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss. Subsequently, if there is objective evidence that the circumstances that led to the impairment have reversed, an impairment charge may be reversed but only to an amount equal to the original cost of the investment less the Company's share of accumulated losses.

Profits and losses resulting from upstream and downstream transactions between the Company and its associates are recognised in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards ad interpretations not yet adopted

Several new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2022, and have not been applied in preparing these financial statements.

Standards issued but not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, IASB issued Classification of Liabilities as Current or Non-Current, which amends IAS 1 – Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company does not plan to early adopt the amendments to IAS 1. The Company is currently assessing the potential impact of these amendments.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier adoption permitted. The Company is currently assessing the potential impact of these amendments.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments also clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier adoption permitted and are to be applied prospectively. The Company is currently assessing the potential impact of these amendments.

Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies account for deferred tax on transactions such as leases and decommissioning obligations. In specific circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the potential impact of these amendments.

(Expressed in Canadian dollars)

3. INVESTMENTS

The following table summarizes the Company's investments as at June 30, 2022 and June 30, 2021:

	June 30, 2022			June 30, 2021		
	Number of securities		Fair Value	Number of securities		Fair Value
Investment in shares of Rise Gold Corp. (Note 3a)	15,612	$	7,806	15,612	$	11,709
Investment in shares of PT Ancora Indonesia Resources Tbk. (Note 3b)	-	$	-	77,560,000	$	553,778
Investment in shares of Adriatic Metals Plc. (Note 3c)	9,481	$	16,439	134,803	$	298,210
Investment in shares of Japan Gold (Note 3d)	228,510	$	51,415	228,510	$	78,836
Investment in warrants of Japan Gold Corp.	12,500,000	$	1,002	17,584,100	$	955,385
Total investments		**$**	**76,662**		**$**	**1,897,918**
Classified as current			(76,662)			(851,988)
Total non-current investments		**$**	**-**		**$**	**1,045,930**

a) Rise Gold Corp.

On the Distribution Date, the Company completed the return of capital transaction and distributed 2,750,000 Rise Gold common shares to the Company's shareholders (note 5). As the Company held 130,000 of its own shares in treasury, it received distribution of 15,612 common shares of Rise Gold. As at June 30, 2022, the fair value of these shares was $7,806 (June 30, 2021 – $11,709).

b) PT Ancora Indonesia Resources, Tbk.

As at June 30, 2021, the Company owned 77,560,000 shares of PT Ancora Indonesia Resources, Tbk ("PT Ancora") representing 4.81% of PT Ancora's issued and outstanding common shares. PT Ancora is an Indonesian company listed on the Indonesia Stock Exchange (OKAS:IJ). During the year ended June 30, 2022, the Company sold 77,560,000 shares in PT Ancora for proceeds of $563,945. On sale of the PT Ancora shares, the accumulated loss of $1,413,214 in other comprehensive income was transferred to deficit.

c) Adriatic Metals plc

On October 7, 2020, Tethyan Resources Corp. ("Tethyan") completed a business combination with Adriatic Metals plc ("Adriatic") where Adriatic acquired all of the common shares of Tethyan by way of a court approved plan of arrangement. The Company received 0.166 of one ordinary share of Adriatic for each common share of Tethyan held or 1,664,668 shares. The Company also received 0.166 of one share purchase warrant of Adriatic for each share purchase warrant of Tethyan or 125,322 warrants.

On the Distribution Date, the Company completed the return of capital transaction and distributed 1,664,668 Adriatic common shares to the Company's shareholders (note 5). As the Company held 130,000 of its own shares in treasury, it received distribution of 9,481 ordinary shares of Adriatic Metals plc.

On June 28, 2021, the Company exercised 125,322 warrants of Adriatic to purchase 125,322 shares of Adriatic for a total of $266,062.

On July 27, 2021, the Company sold 125,322 shares of Adriatic for proceeds of $302,783 and recognized a gain of $36,721 directly in other comprehensive income. On sale of the Adriatic shares, the accumulated gain of $36,721 in other comprehensive income was transferred to deficit.

As at June 30, 2022, the Company has 9,481 shares of Adriatic remaining with a fair value of $16,439.

(Expressed in Canadian dollars)

3. INVESTMENTS (continued)

d) Japan Gold Corp.

Prior to the Distribution date the Company accounted for its investment in Japan Gold as an associate and recorded its share of the loss in its investment in Japan Gold of $152,362 during the year ended June 30, 2021. Subsequent to the Distribution Date, the Company no longer had significant influence over Japan Gold and the investment in shares was reclassified to investments and accounted for at FVTOCI.

On the Distribution Date, the Company completed the return of capital transaction and distributed 40,250,000 Japan Gold common shares to the Company's shareholders (note 5). As the Company held 130,000 of its own shares in treasury, it received 228,510 common shares of Japan Gold. As at June 30, 2022, the fair value of these shares was $51,415 (June 30, 2021 – $78,836).

As at June 30, 2022, the Company owns 12,500,000 warrants of Japan Gold which have a fair value of $1,002 (June 30, 2021 – 17,584,100 warrants valued at $955,385) and recorded an unrealized loss on these warrants of $954,383 in net loss for the year ended June 30, 2022. The following assumptions were used to fair value these warrants:

		June 30, 2022		June 30, 2021
Risk-free interest rate		3.10%		0.43%
Expected life of options (in years)		0.11		0.14 - 1.11
Annualized volatility		65%		32% - 55%
Share price	$	0.23	$	0.36
Exercise price	$	0.40	$	0.40 - 0.42
Forfeiture rate and dividend rate		0.00%		0.00%

During the year ended June 30, 2022, a total of 5,084,100 warrants with weighted average exercise price of $0.40 expired unexercised. In August 2022, the remaining 12,500,000 warrants with weighted average exercise price of $0.40 expired unexercised.

4. PROPERTY AND EQUIPMENT

Cost		**Office furniture**		**Leasehold Improvements**		**Total**
At June 30, 2021	$	35,071	$	29,660	$	64,731
Addition		-		-		-
At June 30, 2022	$	35,071	$	29,660	$	64,731
Accumulated depreciation						
At June 30, 2020	$	23,509	$	29,660	$	53,169
Depreciation expenses		7,319		-		7,319
At June 30, 2021	$	30,828	$	29,660	$	60,488
Depreciation expenses	$	808		-	$	808
At June 30, 2022	$	31,636	$	29,660	$	61,296
Total carrying value, June 30, 2021	**$**	**4,243**	**$**	**-**	**$**	**4,243**
Total carrying value, June 30, 2022	**$**	**3,435**	**$**	**-**	**$**	**3,435**

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(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of Class A common shares without par value. As at June 30, 2022, 22,898,283 (June 30, 2021 – 22,898,283) are issued of which 22,768,283 (June 30, 2021 – 22,768,283) are outstanding and 130,000 (June 30, 2021 – 130,000) are in treasury.

On the Distribution date, the Company completed a return of capital transaction (the "Transaction") by way of a court approved plan of arrangement under the Business Corporations Act (British Columbia). Pursuant to the plan of arrangement, the Company exchanged each of its outstanding common shares for one new Class A common share and one redeemable share of the Company. The Class A common shares have similar rights as the old common shares and continue to be listed on the TSX Venture Exchange. The redeemable shares were immediately redeemed in exchange for the distribution of the following securities to the shareholders of the Company on a pro-rata basis:

	# of securities	Carrying value – October 16, 2020
Common shares of Japan Gold Corp.	40,021,489	$ 7,264,003
Common shares of Rise Gold Corp.	2,734,388	2,654,385
Common shares of Adriatic Metals Plc	1,655,187	3,426,843
		$13,345,231

The distribution was recognized at the fair value of the assets distributed of $20,088,749 resulting in a gain on distribution of $6,743,518 which was recognized in net income. The fair value of the shares distributed was based on the quoted market value of those shares, a level one input.

Earnings per share

Basic income per share is the net income (loss) available to common shareholders divided by the weighted average number of common shares outstanding during the year. Diluted net earnings (loss) per share adjusts basic net income per share for the effects of potential dilutive common shares.

The calculations of diluted weighted average number of shares outstanding as at June 30, 2022 and June 30, 2021 are as follows:

	June 30, 2022	June 30, 2021
Basic weighted average number shares outstanding	22,768,283	21,797,371
Dilutive securities:		
Options	-	-
Warrants	-	-
Diluted weighted average number of shares outstanding	22,768,283	21,797,371

(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY (continued)

Share options

The Company grants share options in accordance with its share option plan and the policies of the TSX Venture Exchange. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The terms of the option, including the vesting terms and the option price, are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's shares on the date of grant. The share options granted are exercisable for a period of up to ten years, as determined by the board of directors at the time of grant. A summary of the Company's outstanding share options granted is presented in the following table.

	Number of Options	Weighted Average Exercise Price
Outstanding at June 30, 2020	1,136,000	$ 0.33
Exercised	(1,012,000)	0.33
Cancelled	(24,000)	0.33
Expired	(100,000)	0.33
Outstanding at June 30, 2021 and June 30, 2022	-	-

During the year ended June 30, 2021, 1,012,000 were exercised for total proceeds of $336,950 to the Company. Out of the options exercised, 755,000 options were exercised by related parties. As at June 30, 2021 and June 30, 2022, no options remain outstanding.

Share purchase warrants

During the year ended June 30, 2021, 2,581,667 warrants with an exercise price of $0.32 were exercised for proceeds of $826,134. As at June 30, 2021 and June 30, 2022, no warrants remain outstanding.

6. RELATED PARTY TRANSACTIONS

Key management and personnel compensation

Key management personnel include the directors and officers of the Company.

Key management compensation for the year ended June 30, 2022, consisted of management fees of $240,000 (2021 - $280,000) paid to two private companies controlled by the Chief Executive Officer and Chairman of the Company. Management fees include administrative, finance, accounting, investor relations and consulting services.

The Company also reimbursed a private company controlled by the Chief Executive Officer and Chairman of the Company $32,833 in occupancy costs (2021 - $22,500). As at June 30, 2022, the Company had a deposit balance of $4,706 (June 30, 2021 - $4,706) for its occupancy costs.

The above transactions are recorded at the consideration established and agreed to by the related parties.

(Expressed in Canadian dollars)

7. INCOME TAXES

A reconciliation of income taxes at statutory rates of 27% with reported taxes is as follows:

		2022		2021 (a)
Income (loss) for the year, before income taxes	$	(1,399,420)	$	5,093,215
Expected income tax expense (recovery)	$	(377,843)	$	1,375,168
Non-taxable change in fair value of warrants		257,683		194,794
Non-taxable portion of gain on Distribution		-		(910,375)
Utilization of capital losses on taxable portion of gain on Distribution		-		(910,375)
Tax effect of temporary differences for which no tax has been recognized		120,160		159,532
Other		-		(85,564)
Total income tax expense (recovery)	$	-	$	(176,820)

Deferred income tax assets have not been recognized for the following temporary differences as management does not believe, based on estimated future taxable income that it is probable that the benefit of these temporary differences will be realized:

		2022		2021 (a)
Non-capital loss carry forwards	$	27,082,786	$	26,637,749
Capital loss carry forwards		3,143,940		2,455,693
Cumulative exploration expenses		7,185,389		7,185,389
Property and equipment		55,409		54,601
	$	37,467,524	$	36,333,432

(a) The Company has restated certain items in the 2021 tax rate reconciliation and the 2021 tax attributes table to correct for disclosure errors previously reported in the tax note to the June 30, 2021 financial statements.

The Company has accumulated non-capital losses for deduction against future years' Canadian taxable income, which expire as follows:

2031	$	2,677,396
2032		3,763,442
2033		3,103,710
2034		3,298,960
2035		2,079,608
2036		1,493,116
2037		7,964,922
2038		1,058,953
2039		120,032
2040		486,749
2041		590,861
2042		445,037
	$	27,082,786

The capital losses and cumulative exploration expenses have no expiry date.

8. SEGMENTED INFORMATION

A reporting segment is defined as a component of the Company that:

- Engages in business activities from which it may earn revenues and incur expenses;
- Operating results are reviewed regularly by the entity's chief operating decision maker; and
- Discrete financial information is available

The Company conducts its business as a single operating segment focused on the acquisition and exploration of resource properties and investments. As at June 30, 2022 and June 30, 2021, all of the Company's assets and liabilities and income (loss) are in Canada.

9. FINANCIAL INSTRUMENTS

The nature of the Company's operations exposes the Company to credit risk, liquidity risk and market risk, which may have a material effect on cash flows, operations and comprehensive income.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company currently does not have any significant credit risk.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on the Company's cash is minimal. The Company is subject to foreign currency fluctuations primarily on its cash denominated in a currency other than the Canadian dollar. As at June 30, 2022, every 1% of change in foreign exchange rate in either direction would result in change in net loss of approximately $10,124. The quoted market price of Japan Gold, Rise Gold and Adriatic shares are subject to fluctuations and this impacts other comprehensive income. A 1% change (plus or minus) in the price of these shares would change the fair value of the common shares and other comprehensive income by approximately $757. A 1% change (plus or minus) in the market price used in the valuation of the Company's investment in warrants would change the fair value of the warrants and net loss by $145.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

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 Company's investment in common shares of Japan Gold, Rise Gold and Adriatic were recognized at fair value using the quoted market price of these instruments. Accordingly, these are classified as level 1. The Japan Gold warrants were recognized at fair value using level 2 inputs. The fair value of the Japan Gold warrants was determined using a Black-Scholes option pricing formula. The carrying value of cash, receivables, deposits and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.