Financial Statements
(Expressed in Canadian dollars)

VENDETTA MINING CORP.

Years ended May 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Vendetta Mining Corp.

Opinion

We have audited the accompanying financial statements of Vendetta Mining Corp. (the "Company"), which comprise the statements of financial position as at May 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company a history of losses with no operating revenue, other than interest income, and has a working capital of $1,200,905 at May 31, 2022. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

August 30, 2022

VENDETTA MINING CORP.

Statements of Financial Position
(Expressed in Canadian dollars)

As at		**May 31, 2022**		**May 31, 2021**
Assets				
Current assets:				
Cash	$	1,516,800	$	253,384
Receivables		107,616		41,768
Prepaid expenses and advances		20,969		3,784
		1,645,385		298,936
Equipment (Note 4)		761		1,088
Exploration and evaluation assets (Note 5)		6,011,183		6,011,183
	$	**7,657,329**	**$**	**6,311,207**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (Note 10)	$	444,480	$	592,696
Long-term debt (Note 6)		-		2,384,884
Loans from related parties (Note 10)		-		208,855
		444,480		3,186,435
Shareholders' equity:				
Share capital (Note 8)		26,244,968		20,721,129
Obligation to issue shares (Note 8)		216,000		216,000
Subscriptions received in advance		6,000		-
Subscriptions receivable (Note 8)		-		(86,600)
Reserves (Note 8)		1,606,242		1,553,167
Deficit		(20,860,361)		(19,278,924)
		7,212,849		3,124,772
	$	**7,657,329**	**$**	**6,311,207**

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

"Michael J. Williams" Director

"Peter Voulgaris" Director

The accompanying notes are an integral part of these Financial Statements.

VENDETTA MINING CORP.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the year ended		**May 31, 2022**		**May 31, 2021**
Expenses:				
Accounting and legal (Note 10)	$	115,362	$	75,701
Amortization (Note 4)		327		467
Business development		45,838		10,700
Exploration expenditures (Note 5 and 10)		698,029		346,880
Filing and transfer agent fees		15,125		22,702
Financing costs (Note 6)		247,275		279,543
Foreign exchange (recovery)		124,604		(356,820)
Insurance		18,183		11,500
Investor relations		147,516		71,328
Management fees (Note 10)		79,500		79,500
Office and administration (Note 10)		94,187		104,962
Travel and meals		9,222		2,387
		(1,595,168)		(648,850)
Gain on shares for debt (Note 8)		13,731		-
Loss and comprehensive loss for the year	$	(1,581,437)	$	(648,850)
Loss per share – basic and diluted	$	(0.01)	$	(0.00)
Weighted average number of shares outstanding		247,057,593		204,860,704

The accompanying notes are an integral part of these Financial Statements.

VENDETTA MINING CORP.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital					Reserves			
	Shares	Amount	Obligation to issue shares	Subscriptions received in advance	Subscriptions receivable	Share option reserves	Warrant and other reserves	Deficit	Total Equity
May 31, 2020	188,228,494	$ 18,954,522	$ 216,000	$ 5,000	$ (20,000)	$ 1,383,296	$ 169,871	$ (18,630,074)	$ 2,078,615
Private placement	31,843,006	1,784,058	-	(5,000)	(66,600)	-	-	-	1,712,458
Warrants exercised	900,000	54,000	-	-	-	-	-	-	54,000
Share issuance costs	-	(71,451)	-	-	-	-	-	-	(71,451)
Loss for the year	-	-	-	-	-	-	-	(648,850)	(648,850)
May 31, 2021	220,971,500	20,721,129	216,000	-	(86,600)	1,383,296	169,871	(19,278,924)	3,124,772
Private placement	78,226,045	5,647,197	-	-	-	-	53,075	-	5,700,272
Shares issued to settle accounts payable	686,538	30,894	-	-	-	-	-	-	30,894
Share issuance costs	-	(154,252)	-	-	-	-	-	-	(154,252)
Share subscriptions received	-	-	-	6,000	86,600	-	-	-	92,600
Loss for the year	-	-	-	-	-	-	-	(1,581,437)	(1,581,437)
May 31, 2022	299,884,083	$ 26,244,968	$ 216,000	$ 6,000	$ -	$ 1,383,296	$ 222,946	$ (20,860,361)	$ 7,212,849

The accompanying notes are an integral part of these Financial Statements.

VENDETTA MINING CORP.

Statements of Cash Flows
(Expressed in Canadian dollars)

For the year ended		May 31, 2022		May 31, 2021
Cash flows from operating activities:				
Loss for the year	$	(1,581,437)	$	(648,850)
Items not affected by cash:				
Amortization		327		467
Financing costs		233,332		271,841
Foreign exchange		123,547		(346,913)
Interest on loan from related party		3,685		-
Changes in non-cash working capital items:				
Receivables		(65,848)		(39,410)
Prepaid expenses and advances		(17,185)		17,542
Accounts payable and accrued liabilities		(79,549)		101,167
Cash used in operating activities		(1,383,128)		(644,156)
Cash flows from financing activities				
Loan repayment to related parties		(212,540)		-
Payments towards long-term debt		(2,741,763)		(908,687)
Transaction costs on long-term debt		-		(60,354)
Subscriptions received in advance		6,000		-
Private placement		5,786,872		1,712,458
Warrants exercised		-		54,000
Share issuance costs		(192,025)		(57,163)
Cash provided by financing activities		2,646,544		740,254
Change in cash		1,263,416		96,098
Cash, beginning of the year		253,384		157,286
Cash, end of the year	$	1,516,800	$	253,384
Supplemental schedule of non-cash items				
Share issuance costs in accounts payable	$	-	$	37,773
Subscriptions receivable on shares issued	$	-	$	66,600
Subscriptions received in advance applied to share capital	$	-	$	5,000
Share for debt	$	30,894	$	-

There was no cash paid for income taxes for the year presented. For the year ended May 31, 2022, the Company paid $310,513 (2021 - $261,272) in interest payments.

The accompanying notes are an integral part of these Financial Statements.

1. Nature of operations and going concern:

Vendetta Mining Corp. ("the Company" or "Vendetta") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on December 14, 2009. The Company is in the business of exploration and evaluation of mineral resources in Australia. Its common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol VTT. The Company's registered address is: Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is an exploration stage company and engages principally in the acquisition and exploration of resource properties. The recoverability of the amounts shown for exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the resource properties. The amounts shown as exploration and evaluation assets represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

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

The Company has a history of losses with no operating revenue, other than interest income, working capital of $1,200,905, and has an accumulated deficit. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company estimates that it does not have sufficient funding for the ensuing 12 months of operations. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company's ability to continue as a going concern.

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, has 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 ability to raise funds at this time.

These Financial Statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

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

Unless otherwise stated, amounts are expressed in Canadian dollars.

These financial statements were authorized for issuance by the Board of Directors on August 30, 2022.

(b) Cash:

The Company considers cash to include amounts held in banks and demand deposits. The Company holds its cash with financial institutions of high credit worthiness.

(c) Property and equipment:

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment and amortized based on the component's useful life.

The Company provides for amortization on its property and equipment on the following basis:

Asset	Basis	Rate
Computer equipment	Declining balance	30%

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Residual values and estimated useful lives are reviewed at least annually.

(d) Exploration and evaluation expenditures:

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

2. Significant accounting policies (continued):

(d) Exploration and evaluation expenditures (continued):

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore areas of interest are also recognized in profit or loss. Expenditures incurred by the Company in connection with the development of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized. Acquisition costs of resource properties, such as cash and share consideration and option payments, are capitalized on an individual prospect basis. Annual payments to maintain properties in good standing are not considered acquisition costs and accordingly are not capitalized. Amounts received for the sale of resource properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the resource property. If a resource property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

Title to resource properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristics of many mineral properties. The Company has investigated title to all of its resource properties and to the best of its knowledge the properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because option agreements are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

(e) Provision for closure and reclamation:

The Company recognizes statutory, contractual, legal, or other constructive obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for changes in the discount rate of the underlying future cash flows and for unwinding of the discount. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that no provision for closure and reclamation exists for the years presented.

(f) Income taxes:

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

2. Significant accounting policies (continued):

(f) Income taxes (continued):

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Share capital:

The Company records proceeds from share issuances, net of issue costs and any tax effects, as share capital. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance. When determining the fair value of equity units issued in private placements, the fair value of the common shares issued in private placements is determined to be the more easily measurable component and is valued at fair value, as determined by the closing price on the closing date. The balance, if any, is allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

(h) Share-based payments:

The cost of stock options granted to employees and directors for services received is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. Expected volatility is estimated with reference to the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment.

2. Significant accounting policies (continued):

(h) Share-based payments (continued):

The cost of performance share units ("PSU") granted to employees and directors for services is measured using the estimated fair value at the date of the grant. If performance conditions are not market-related, the estimated fair value of the PSU at the date of grant is determined to be equal to the market price of the common share on date of grant.

The costs of stock options and PSU are recognized over the vesting period of the options or PSU. The total amount recognized as an expense is adjusted to reflect the number of options or PSU expected to vest at each reporting date.

The corresponding credit for these costs is recognized in the share-based payment reserve in shareholders' equity.

Share-based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

(i) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year.

The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected by assuming that the proceeds would be used to purchase common shares at the average market price during the year.

Since the Company has losses, the effect of outstanding stock warrants and options has not been included in this calculation as it would be anti-dilutive.

(j) Use of estimates and judgments:

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant accounting policies (continued):

(j) Use of estimates and judgments (continued):

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, 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, but are not limited to, the following:

Share-based payments

The Company has granted certain employees of the Company PSU's to be settled in shares of the Company. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based payment expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the PSUs is estimated using the market value of the underlying shares as well as assumptions related to the performance conditions at the grant date.

Derivative liability

The Company had an obligation under the Nebari Loan (Note 6) that was valued relative to the Company's share price and has measured such obligation as a derivative liability in reference to the Company's share price.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:

Exploration and evaluation assets

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the acquisition expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Functional currency

The Company applied judgment in determining its functional currency. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

(k) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

2. Significant accounting policies (continued):

(l) Financial instruments:

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (“FVTPL”) are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company does not have any financial assets designated as FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit or loss: 1) the Company’s objective for these financial assets is to collect their contractual cash flows and 2) the asset’s contractual cash flows represent ‘solely payments of principal and interest’. The Company’s cash and receivables are recorded at amortized cost.

Fair value through other comprehensive income ("OCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income as a component of equity. This election is available for each separate investment. Under the FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company does not have any financial assets designated as FVOCI.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, loans from related parties, and long-term debt.

2. Significant accounting policies (continued):

(l) Financial instruments (continued):

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and

Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

Impairment

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

(m) Impairment of non-financial assets:

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(Expressed in Canadian dollars)

2. Significant accounting policies (continued):

(n) Government grants:

Government grants related to exploration and evaluation activities are recognized in profit or loss as a deduction from the related expenditure when there is reasonable assurance that the grant will be received. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

3. New standards and interpretations yet to be adopted:

There are no IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Equipment:

		Computer Equipment
Cost May 31, 2020, 2021, and 2022	$	4,953
Accumulated amortization, May 31, 2020	$	(3,398)
Amortization for the year		(467)
Accumulated amortization, May 31, 2021		(3,865)
Amortization for the year		(327)
Accumulated amortization, May 31, 2022		(4,192)
Net book value, May 31,2021	$	1,088
Net book value, May 31, 2022	$	761

5. Exploration and evaluation assets:

The Company’s resource property with associated acquisition-related costs that has been capitalized and reflected on the statement of financial position is as follows:

		Pegmont Queensland, Australia
Balance, May 31, 2020, 2021, and 2022	$	6,011,183

Pegmont Property, Queensland, Australia

As at May 31, 2019, the Company has earned a 100% interest in the Pegmont Property having paid option payments of AUD$2,250,000 (CAD$2,208,980), met expenditure requirements of $2,400,000, and drilled 17,000m to earn its interest. In connection with the Company exercising the option and as part of the final transfer of project titles, the Company also paid an advance royalty to Pegmont of AUD$3 million (CAD$2,824,200) and extension fees totaling AUD$450,000 (CAD$425,545) during the year ended May 31, 2019 to fully satisfy remaining requirements and complete its 100% acquisition of the Pegmont property. The Company received a royalty credit of the cash option payments of AUD$2.25 million and advanced royalty of AUD$3 million for a total of AUD$5.25 million, to be credited against future royalty payments.

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (continued):

The property is subject to a 1.25% net smelter return royalty, subject to the credit of AUD$5.0 million in favour of the Company. In the case where ore is sold rather than concentrate, a separate royalty formula allows for a royalty of AUD$1.05 per tonne of ore sold, indexed to lead prices and to be conveyed to the vendor, again subject to the AUD$5.0 million credit. Where ore that is sold contains silver at concentrations above 64 ppm, an additional royalty amount is payable, starting at AUD$0.06 per gram, indexed to the price of silver.

Killer Bore Property, Queensland, Australia

During the year ended May 31, 2022, the Company entered into an option agreement to acquire 100% of the Killer Bore exploration concession in Australia, located near its Pegmont Property. Pursuant to the terms of the agreement, the Company may acquire a 100% interest in the property by making the following minimum work commitments:

a) $102,000 on exploration expenditures prior to the end of the 2nd anniversary; and

b) $398,000 on exploration expenditure between the start of the 3rd anniversary and prior to the end of the 5th Anniversary;

The Company shall grant the optionor a 2% NSR over the property.

As at May 31, 2022, the Company had incurred $16,561 on exploration activity on the Killer Bore project included within exploration expenditures.

Exploration expenditures for the year ended May 31, 2022 are as follows:

	Pegmont	Killer Bore	Total
Analysis	$ 12,685	$ -	$ 12,685
Drilling	301,907	-	301,907
Field supplies and equipment	15,086	-	15,086
Geological consulting	236,275	15,056	251,331
Meals and accommodation	29,001	-	29,001
Permitting	51,492	-	51,492
Project management	15,471	1,505	16,976
Transportation	19,551	-	19,551
Total for the year	$ 681,468	$ 16,561	$ 698,029

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (continued):

Exploration expenditures for the year ended May 31, 2021 are as follows:

		Pegmont
Analysis	$	1,354
Drilling		245,440
Field supplies and equipment		21,150
Geological consulting		163,820
Maps and reports		36,008
Meals and accommodation		21,161
Permitting		11,829
Project management		40,899
Transportation		13,354
		555,015
Government grant received		(208,135)
Total for the year	$	346,880

6. Long-term debt:

On May 9, 2019, the Company entered into a US$2,556,818 loan agreement ("Nebari Loan"), subsequently amended with Nebari Natural Resources Credit Fund I, LP ("Nebari"). The amount funded was US$2,250,000 (CAD$3,032,100), representing an original issue discount of 12%. The Nebari Loan bears an interest rate of the three-month London interbank offered rate ("LIBOR") plus 6.0% per annum, with a LIBOR "floor" of 2.5%, and was to mature on May 6, 2021. Principal repayments commenced on April 30, 2020 and each anniversary thereafter, at 6.25% of the principal outstanding at April 30, 2020, including all interest paid in-kind and original issue discount, and is payable at any amount from 50% to 100% of the amount due, at the Company's discretion; any remaining unpaid interest will be capitalized and added to the principal amount of the loan, payable upon maturity. Interest will accrue monthly, computed on the basis of a 360-day year, and is payable quarterly in arrears beginning on September 30, 2019; pursuant to the August 2019 amended agreement, interest accrued to September 30, 2019 that originally could be paid in-kind is now required to be paid in cash.

During the year ended May 31, 2021, the Company entered into an amending agreement whereby the maturity of the loan was extended to December 31, 2022 and the quarterly interest rate was increased to 9.5% plus 3-month LIBOR, with a floor of 2.5%. Pursuant to the agreement, all principal repayments are to be deferred until December 31, 2021 at which point quarterly principal payments will commence at US$200,000 per quarter.

Upon maturity and full repayment of the loan, a repayment bonus is payable to Nebari, to be calculated, pursuant to the amended agreement, as 30% of the funded amount, multiplied by the ratio of the Company's market capitalization the day prior to repayment divided by the Company's capitalization on May 6, 2019, minus one (the "Repayment Bonus"). At the closing date of the Nebari Loan, the Company recognized a Repayment Bonus of US$67,500 ($90,963), which has been classified as a derivative liability (Note 7).

(Expressed in Canadian dollars)

6. Long-term debt (continued):

During the year ended May 31, 2021, the Company entered into an amending agreement whereby the repayment bonus ratio became based on the Company's market capitalization the day prior to repayment divided by $13,000,000. As at May 31, 2022, the amendment to the repayment bonus has not resulted in a change to the Company's derivative liability recognized of $nil.

In connection with the Nebari Loan, the Company paid transaction costs of $340,861, comprising a closing fee of 3.0% of the funded amount (US$67,500 or CAD$90,823), technical and other due diligence costs of US$130,000 (CAD$174,919), and other transaction costs of $74,979. The Repayment Bonus and transaction costs were being amortized into profit or loss over the estimated term of the Nebari Loan, being the legal term, at an effective interest rate of 23.52% (2021 – 23.52%).

The Nebari Loan is subject to standard events of default, as well as a requirement to maintain, as amended in during the year ended May 31, 2021, at the end of each calendar month, an adjusted working capital (defined per the amendment as: current assets minus current liabilities, plus the current portion of long-term debt) of no less than $400,000. During the year ended May 31, 2022, the Company settled its debt with Nebari in full. There was no Repayment Bonus required at the time of repayment and all securities have been discharged.

During the year ended May 31, 2022, the Company paid $279,973 (US$219,355) in interest payments and $2,461,790 (US$1,941,732) in principal repayments. During the year ended May 31, 2021, the Company paid $261,272 (US$191,184) in interest and $647,415 (US$485,433) in principal repayments.

		May 31, 2022		May 31, 2021
Opening Balance	$	2,384,884	$	3,395,498
Principal payment		(2,461,790)		(647,415)
Interest payment		(279,973)		(261,272)
Interest accrued		233,332		244,986
Foreign exchange		123,547		(346,913)
Ending Balance	$	-	$	2,384,884
Current portion	$	-	$	2,384,884
Long-term portion	$	-	$	-

7. Derivative liability:

In accordance with IFRS, as the measurement of the Repayment Bonus pursuant to the Nebari Loan (Note 6) is dependent on the Company's future market capitalization, Company had recognized a derivative liability, which was designated as a financial liability carried at fair value through profit or loss. On May 7, 2019, the derivative liability was determined to be $90,963 (US$67,500). As at May 31, 2021 the derivative liability had a fair value of $nil. During the year ended May 31, 2022, the Company settled the loan and no Repayment Bonus was required based on the Company's market capitalization at the time of settlement.

8. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(b) Share issuances:

2022 transactions

a) On June 2, 2021, the Company settled an aggregate of $44,625 in accounts payable and accrued liabilities through the issuance of 686,538 common shares of the Company valued at $30,894. In connection with the issuance, the Company recognized a gain on settlement of $13,731;

b) On August 26, 2021, the Company closed the first tranche of a non-brokered private placement by issuing 10,615,000 units at a price of $0.05 per unit for gross proceeds of $530,750. Each unit is comprised of one common share and one half of one common share purchase warrant, exercisable for three years at a price of $0.07 per share. Using the residual value method, $477,675 of the financing was allocated to share capital with the remaining $53,075 allocated to reserves for the warrants. The Company paid finders fees of $14,765 and incurred additional closing costs of $3,353 in connection with the financing.

c) On October 22, 2021, the Company closed the second tranche of a non-brokered private placement by issuing 7,950,440 units at a price of $0.05 per unit for gross proceeds of $397,522. Each unit is comprised of one common share and one half of one common share purchase warrant, exercisable for three years at a price of $0.07 per share. The Company paid finders fees of $7,175 and incurred additional closing costs of $4,388 in connection with the financing.

d) On December 21, 2021, the Company closed the first tranche of a non-brokered private placement by issuing 5,454,545 common shares at a price of $0.055 per common share for gross proceeds of $300,000. In connection with the financing, the Company incurred closing costs of $48,747.

e) On March 24, 2022, the Company closed the second and final tranche of a non-brokered private placement by issuing 54,206,060 common shares at a price of $0.0825 per common share for gross proceeds of $4,472,000. In connection with the financing, the Company incurred closing costs of $75,824.

2021 transactions

a) On July 2, 2020 the Company closed a non-brokered private placement by issuing 6,326,138 units at a price of $0.04 per unit for gross proceeds of $253,046, of which, $5,000 had been received as at May 31, 2020. Each unit was comprised of one common share and one common share purchase warrant, exercisable at a price of $0.06 for a period of three years. The Company paid finders' fees of $5,040 in connection with the offering and incurred additional closing costs of $9,359.

b) On November 16, 2020 the Company closed the first tranche of a non-brokered private placement by issuing 9,583,328 units at a price of $0.06 per unit for gross proceeds of $575,000. Each unit was comprised of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.09 for a period of three years. The Company paid finders' fees of $728 in connection with the offering and incurred additional closing costs of $9,266.

(Expressed in Canadian dollars)

8. Share capital (continued):

(b) Share issuances (continued):

c) On December 14, 2020, the Company closed the second tranche of a non-brokered private placement by issuing 5,500,207 units at a price of $0.06 per unit for gross proceeds of $330,012. Each unit was comprised of one common share and one half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.09 for a period of three years. The Company paid finders' fees of $12,599 in connection with the offering and incurred additional closing costs of $7,043.

d) On December 14, 2020, the Company closed the second tranche of a non-brokered private placement by issuing 5,500,207 units at a price of $0.06 per unit for gross proceeds of $330,012. Each unit was comprised of one common share and one half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.09 for a period of three years. The Company paid finders' fees of $12,599 in connection with the offering and incurred additional closing costs of $7,043.

e) On February 23, 2021, the Company closed the third and final tranche of a non-brokered private placement by issuing 10,433,333 units at a price of $0.06 per unit for gross proceeds of $626,000. Each unit was comprised of one common share and one half of one common share purchase warrant, with each whole warrant exercisable at a price of $0.09 for a period of three years. The Company incurred closing costs of $27,418 in connection with the offering.

(c) Warrants:

Details of activity in warrants for the years ended May 31, 2022 and 2021 are as follows:

Number outstanding May 31, 2021	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2022	Exercise price per share	Expiry date
2,886,250	-	-	-	2,886,250	0.13	June 3, 2022
11,533,332	-	-	-	11,533,332	0.13	July 30, 2022
13,187,050	-	-	-	13,187,050	0.06	May 5, 2023
6,201,138	-	-	-	6,201,138	0.06	June 30, 2023
4,791,668	-	-	-	4,791,668	0.09	Nov 16, 2023
2,750,104	-	-	-	2,750,104	0.09	Dec 14, 2023
5,216,667	-	-	-	5,216,667	0.09	Feb 23, 2024
-	5,307,500	-	-	5,307,500	0.07	Aug 26, 2024
-	3,975,220	-	-	3,975,220	0.07	Oct 22, 2024
46,566,209	9,282,720	-	-	55,848,929		
$0.09	$0.07	-	-	$0.08	(weighted average exercise price)	

(Expressed in Canadian dollars)

8. Share capital (continued):

(c) Warrants (continued):

Number outstanding May 31, 2020	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2021	Exercise price per share	Expiry date
4,864,444	-	-	(4,864,444)	-	$ 0.30	Sept 20, 2020
1,185,116	-	-	(1,185,116)	-	0.30	Oct 17, 2020
2,886,250	-	-	-	2,886,250	0.13	June 3, 2022
11,533,332	-	-	-	11,533,332	0.13	July 30, 2022
13,962,050	-	(775,000)	-	13,187,050	0.06	May 5, 2023
-	6,326,138	(125,000)	-	6,201,138	0.06	June 30, 2023
-	4,791,668	-	-	4,791,668	0.09	Nov 16, 2023
-	2,750,104	-	-	2,750,104	0.09	Dec 14, 2023
-	5,216,667	-	-	5,216,667	0.09	Feb 23, 2024
34,431,192	19,084,577	(900,000)	(6,049,560)	46,566,209		
$0.13	$0.08	$0.06	$0.30	$0.09	(weighted average exercise price)	

(d) Stock options:

The Company has a stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements but permits the board of directors to specify a vesting schedule in its discretion. There was no stock option activity during the years ended May 31, 2022 and 2021

(e) Performance Share Units:

During the year ended May 31, 2018, the Company granted 2,700,000 Performance Share Units (PSU) to the Company's directors, of which 1,080,000, with a value of $216,000, vested during the year ended May 31, 2019, upon the achievement of related performance milestones. As at May 31, 2022, the Company has yet to issue the shares and the amount of $216,000 remains within obligation to issue shares. All remaining PSU were forfeited unexercised in prior years.

9. Segmented information:

The Company's business consists of one reportable segment being resource exploration. Details about geographic areas as at May 31, 2022 and 2021 are as follows:

Non-current assets	May 31, 2022	May 31, 2021
Australia	$ 6,011,183	$ 6,011,183
Total	$ 6,011,183	$ 6,011,183

10. Related party transactions:

Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

(Expressed in Canadian dollars)

10. Related party transactions (continued):

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

		May 31, 2022		May 31, 2021
Management fees and accounting fees to key management personnel or companies controlled by key management personnel	$	139,500	$	137,000
Geological consulting fees to a company controlled by a director		165,000		75,000
Office, administration, rent and accounting costs to companies controlled by key management		36,512		47,347
Long-term portion	$	341,012	$	259,347

During the year ended May 31, 2019, the Company borrowed $182,000 from a company with an officer and director in common. The loan bears interest at 7% per annum and matures on May 31, 2021 (amended from 12 months during the year ended May 31, 2020); the lender retains the right to demand early payment of the loan by providing 30 days written notice. The balance at May 31, 2021, including interest, was $208,855. During the year ended May 31, 2022, the Company recognized interest expense of $3,685 and repaid the entire balance of $212,540 inclusive of principal and interest.

Included in accounts payable and accrued liabilities is $174,275 (2021 - $234,865) due to directors, management, or companies controlled by them and former related parties. Amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing.

11. Financial instruments:

The Company's cash is classified at amortized cost. The carrying values of receivables, accounts payable and accrued liabilities, and loans from related parties approximate their fair values due to their short terms to maturity. Long-term debt bears interest at variable rates and fair value approximates carrying values as interest charges fluctuate with changes in the LIBOR.

(a) Financial risk factors and capital management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and receivables. The carrying value of this instrument represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Receivables are primarily due from a government agency.

11. Financial instruments (continued):

(a) Financial risk factors and capital management (continued):

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11(b) of these financial statements. The Company's expenditure commitments, pursuant to option agreements related to resource properties, are disclosed in Note 5. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company does not have any significant interest-bearing financial assets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar due to transactions related to the Pegmont project.

Foreign assets and liabilities are translated based on the foreign currency translation method described in Note 2(b). A 10% change in the foreign exchange rate between the Canadian and U.S. and Australian dollar would result in a fluctuation of approximately $5,300 in the net loss realized for the year. The Company does not enter into any foreign exchange hedging contracts.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

(Expressed in Canadian dollars)

12. Income taxes:

(a) The Company's effective tax rate differs from the amount obtained by applying statutory rate due to the following:

		May 31, 2022		May 31, 2021
Statutory tax rate		27%		27%
Recovery of income taxes based on statutory tax rate	$	(427,000)	$	(175,000)
Permanent differences		-		-
Adjustment to provision versus statutory tax return		-		172,000
Difference in foreign tax rates and foreign exchange fluctuations, share issue costs, and other		(138,000)		(37,000)
Change in benefit not recognized		565,000		40,000
Recovery of income taxes	$	-	$	-

(b) Temporary differences for which no deferred income tax assets have been recognized as at May 31, 2022 and 2021 are as follows:

		May 31, 2022		May 31, 2021
Non-capital loss carried forward	$	18,386,000	$	16,376,000
Share issuance costs and other		281,000		276,000
Equipment		5,000		5,000
	$	18,672,000	$	16,657,000

The Company has non-capital losses of approximately $7,829,000 (2021 - $6,517,000) and $10,557,000 (2021 - $9,859,000) to reduce future income tax payable in Canada and Australia, respectively. The Company's non-capital losses expire in Canada between 2026 and 2042, and in Australia can be carried forward indefinitely.