ORACLE ENERGY CORP.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Oracle Energy Corp.

Opinion

We have audited the financial statements of Oracle Energy Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and comprehensive loss, cash flows and changes in (deficiency) equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year 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 *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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other matter

The financial statements of Oracle Energy Corp. for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on April 5, 2022.

Other Information

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

- Management's Discussion and Analysis

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

In connection with our 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, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's 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.

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 Hilda Leung.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 19, 2023

ORACLE ENERGY CORP.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		DECEMBER 31 2022		2021
ASSETS					
Current					
Cash		**$**	**39,710**	$	503,525
Amounts receivable			**2,675**		5,205
Notes receivable	**4**		**69,014**		10,000
Total Assets		**$**	**111,399**	$	518,730
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**91,049**	$	166,262
Notes payable	**5**		**45,283**		45,283
Due to related parties	**6**		**43,842**		55,206
Total current liabilities			**180,174**		266,751
Notes payable	**5,6**		**249,684**		233,425
Total liabilities			**429,858**		500,176
(DEFICIENCY) EQUITY					
Share capital	**7**		**22,426,336**		22,426,336
Reserves			**4,978,375**		4,978,375
Deficit			**(27,723,170)**		(27,386,157)
Total (deficiency) equity			**(318,459)**		18,554
Total liabilities and (deficiency) equity		**$**	**111,399**	$	518,730

These financial statements were authorized for issuance by the Board of Directors on April 19, 2023. They are signed on behalf of the Board of Directors by:

"Loren Currie"	*"James Ladner"*
Director	Director

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

ORACLE ENERGY CORP.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	YEARS ENDED DECEMBER 31	
	2022	2021
Expenses		
Advertising and communications	**$ 720**	$ 2,532
Accretion (Note 5)	**15,222**	17,938
Bank charges and interest	**1,021**	772
Consulting (Note 6)	**215,500**	217,500
Foreign exchange loss	**1,194**	22
Office	**17,764**	16,324
Professional fees (Note 6)	**57,951**	45,540
Regulatory and listing fees	**6,001**	10,022
Salaries and benefits (Note 6)	**17,500**	16,082
Transfer agent fees	**3,401**	16,196
Travel and promotion	**739**	-
	337,013	342,928
Loss before other income	**(337,013)**	(342,928)
Other income		
Gain on write-down of accounts payable	**-**	22,983
Net loss and comprehensive loss for the year	**$ (337,013)**	$ (319,945)
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)
Weighted Average Number Of Common Shares Outstanding (1)	**23,464,487**	16,532,980

(1) On June 17, 2021, the Company announced the completion of a share consolidation on a 5:1 basis. The Basic and Diluted Loss Per Share and the Weighted Average Number of Common Shares Outstanding has been retroactively restated to reflect the results of the share consolidation.

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

ORACLE ENERGY CORP.

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	YEARS ENDED DECEMBER 31 2022	2021
Cash flows provided by (used for):		
Operating activities		
Net loss for the year	**$ (337,013)**	$ (319,945)
Items not affecting cash:		
Accretion	**15,222**	17,938
Foreign exchange	**1,037**	(64)
Gain on write-down of accounts payable	**-**	(22,983)
Net change in non-cash working capital items:		
Amounts receivable	**2,530**	(5,041)
Accounts payable and accrued liabilities	**(75,213)**	(16,407)
Due to related parties	**(11,364)**	(7,363)
	(404,801)	(353,865)
Financing activities		
Proceeds from shares issued for cash	**-**	1,000,000
Share issue costs	**-**	(57,960)
Cash received from notes payable	**-**	2,000
Repayment of notes payable	**-**	(116,974)
	-	827,066
Investing activity		
Notes receivable	**(59,014)**	(10,000)
Net (decrease) increase in cash	**(463,815)**	463,201
Cash, beginning of year	**503,525**	40,324
Cash, end of year	**$ 39,710**	$ 503,525
Supplemental cash flow information		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Non-cash financing activities		
Fair value of agent warrants issued	**$ -**	$ 66,558

The accompanying notes are an integral part of these financial statements

ORACLE ENERGY CORP.

STATEMENTS OF CHANGES IN (DEFICIENCY) EQUITY
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	SHARE CAPITAL				
	NUMBER (1)	**AMOUNT**	**RESERVES**	**DEFICIT**	**TOTAL (DEFICIENCY) EQUITY**
Balance, December 31, 2020	13,464,487	$ 21,930,458	$ 4,532,213	$ (27,066,212)	$ (603,541)
Shares issued in private placements	10,000,000	1,000,000	-	-	1,000,000
Share issue costs	-	(57,960)	-	-	(57,960)
Fair value of warrants issued	-	(379,604)	379,604	-	-
Fair value of agent warrants issued	-	(66,558)	66,558	-	-
Net loss for the year	-	-	-	(319,945)	(319,945)
Balance, December 31, 2021	23,464,487	22,426,336	4,978,375	(27,386,157)	18,554
Net loss for the year	-	-	-	(337,013)	(337,013)
Balance, December 31, 2022	**23,464,487**	**$ 22,426,336**	**$ 4,978,375**	**$ (27,723,170)**	**$ (318,459)**

(1) On June 17, 2021, the Company announced the completion of a share consolidation on a 5:1 basis. The number of shares outstanding has been retroactively restated to reflect the results of the share consolidation.

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Oracle Energy Corp. (the "Company") was incorporated on October 2, 1985 under the Business Corporations Act of British Columbia and was in the business of acquiring, exploring and evaluating oil and gas properties and developing these properties further or disposing of them when the evaluation is completed. The Company is currently evaluating options and is considering biotechnology as part of its future plan.

The address of the Company, the principal place of business and the registered and records office is located at Suite 1400 – 1040 West Georgia Street, Vancouver, British Columbia, Canada.

On January 10, 2022, the Company announced it has re-entered into negotiations with Methanogenesis Corporation ("Methano") to acquire Methano and that the Company is also contemplating a concurrent move to the Canadian Securities Exchange ("CSE"). On September 21, 2022, the Company announced that further to its January 10, 2022 news release, negotiations with Methano continue to progress productively. The Board of Directors of the Company advised that these extended negotiations resulted from market conditions and a renewed approach to acquire Methano. The Company proposes to acquire Methano by way of a share exchange, and the Company will provide further details when discussions are formalized in an agreement. There are no assurances that the proposed transaction will be successful.

To date, the Company has not earned significant revenues. During the year ended December 31, 2022, the Company recorded net loss of $337,013 (2021 - $319,945) and as of that date, the Company's had a working capital deficiency of $68,775 (2021 - working capital of $251,979). As at December 31, 2022, the Company has an accumulated deficit of $27,723,170 (2021 - $27,386,157). The Company's operations are primarily funded with debt or equity financing, which is dependent upon many external factors and may be difficult to raise when required. The Company does not have sufficient cash to fund current operations, amounts payable, or amounts required to complete planned acquisitions and will require additional funding, which if not raised, may result in the delay, postponement or curtailment of some of its activities.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and physical distancing, caused material disruption to business globally resulting in an economic slowdown. Global equity markets experienced significant volatility and weakness making it difficult to raise capital in the public markets. As at December 31, 2022, the Company does not have any operations impacted by COVID-19. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

The Company's financial position and ability to raise funds may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impact of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and industries in general could negatively impact the business.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (continued)

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. However, the above material uncertainties may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these financial statements. These financial statements do not give effect to adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The financial statements of the Company for the years ending December 31, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Preparation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Presentation and Functional Currency

The presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

2. BASIS OF PRESENTATION (continued)

d) Significant Accounting Judgments and Estimates (continued)

Significant judgments about the future and other sources of estimation uncertainty that management has made at the 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:

i) *Going concern assessment:*
Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), whose subsequent changes could materially impact the validity of such an assessment.

Elements of these financial statements subject to material estimation uncertainty include:

i) *Discounting of long-term notes payable:*
The discounting of long-term notes payable involves estimates in determining the discount rate used by the Company and the estimated timing of the repayments as indicated in Note 5.

ii) *Recoverability of notes receivable:*
The Company uses an expected credit loss model in determining the recoverability and loss allowance for notes receivable. In establishing our allowances for any non-recoverable balances, significant judgment is exercised by management in determining the amount of outstanding notes receivable that is expected to be recovered from debtors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9:

Financial instrument	**Classification**
Cash	FVTPL
Notes receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Notes payable	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial Instruments (continued)

Financial assets

The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Amortized cost
Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows, and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through other comprehensive income ("FVOCI")
FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Fair value through profit or loss (“FVTPL”)
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may, however, make the irrevocable option to classify particular investments as FVTPL.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the year. Financial assets classified at amortized cost are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Impairment
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses (“ECL”) and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial Instruments (continued)

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition.

Amortized cost
The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash at banks and on hand and short-term investments with maturities of three months or less from the date of acquisition. As at December 31, 2022 and 2021, the Company did not have any cash equivalents.

c) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are expensed in the period they are incurred.

Unit offerings require the Company to value each of the unit components separately. Units generally consist of a single common share and a full or a half-warrant. The Company uses the residual value method to value units. Proceeds received on the issuance of units are first allocated to warrants based on the fair market value of the warrants determined using the Black-Scholes option pricing model at the time the units are issued, with the residual being allocated to the common share value.

d) Share-based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Share-based Payment Transactions (continued)

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method 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 financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. All equity-settled share-based payments are reflected in other equity reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. On expiration of options, the previously recognized amount is left in reserves.

e) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares issued and outstanding during the reporting period.

The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the years ended December 31, 2022 and 2021, for the dilutive effect of employee stock options and warrants as they were all anti-dilutive or exercise amounts were higher than market prices. No adjustments were required to the reported income/loss in computing diluted per share amounts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Provisions

A provision is recognized in the financial statements when all of the following criteria are satisfied:

- The Company has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made as to the amount of the obligation.

The amount recognized as a provision is the “best estimate” of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability if those risks have not already been reflected as an adjustment to cash flows. The unwinding of the discount is recognized as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

g) Income Taxes

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

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 the deferred tax asset can be utilized. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) New accounting standards and amendments effective for future periods

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – The amendments to IAS 1 provide a more general approach to the classification of liabilities based on contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. NOTES RECEIVABLE

Notes receivable are comprised of amounts loaned to an arm's length corporation for which the Company has been pursuing potential opportunities. The outstanding amount is due on the completion of a transaction with the corporation or on completing a private placement and is unsecured and bears no interest.

5. NOTES PAYABLE

During the year ended December 31, 2020, the Company entered into debt deferral arrangements in the amount of $302,677 whereby various related parties, key management and third parties agreed to defer 75% of the amounts owing to three equal installments, repayable from each of the first three private placements completed by the Company subsequent to the first year after the Company completes a qualifying transaction. The 25% current portion was to be repaid from the proceeds from the next private placement after a qualifying transaction is completed. As a result of the debt settlements and debt deferral arrangements, 25% of the amounts were reclassified from related party debt to current and 75% to long term notes payable. The long-term portion was discounted using a rate of 14.76% with estimated repayment dates of June 30, 2024, December 31, 2024 and June 30, 2025 for each of the installments.

During the year ended December 31, 2020, the Company borrowed $40,000 from the Canada Emergency Business Account ("CEBA") program. The CEBA Loan has an initial term that expires on December 31, 2023, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2023 results in a $10,000 loan forgiveness. If the balance is not paid prior to December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.

During the year ended December 31, 2021, the Company borrowed $2,000 from a company owned by a shareholder and made payments of $116,974 on outstanding notes payable.

As at December 31, 2022, the total amounts owing were $299,572 (2021 - $298,535). The outstanding loans are unsecured and bear no interest.

(Expressed in Canadian Dollars)

5. NOTES PAYABLE (continued)

The summary of notes payable as of December 31, 2022 and 2021 is as follows:

	DECEMBER 31	
	2022	2021
Notes payable	**$ 259,572**	$ 258,535
CEBA	**40,000**	40,000
Total notes payable	**299,572**	298,535
Current notes payable	**(45,283)**	(45,283)
Long term portion	**254,289**	253,252
Discounting of long-term notes payable	**(19,827)**	(37,765)
Add: accretion	**15,222**	17,938
Long term notes payable	**$ 249,684**	$ 233,425

6. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions with Key Management Personnel

	YEARS ENDED DECEMBER 31	
	2022	2021
Directors' fees, included in salaries and benefits	**$ 17,500**	$ 16,000
Consulting fees	**50,000**	52,000
Legal fees, included in professional fees	**29,907**	23,206
	$ 97,407	$ 91,206

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

As at December 31, 2022, $43,842 (2021 - $55,206) was owing to key management personnel or to a company controlled by an officer or director and the amounts were included in due to related parties. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at December 31, 2022, $78,442 (2021 - $77,403) was owing to key management personnel or to a company controlled by an officer or director and the amounts were included in notes payable.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value
5,000,000 preferred shares, par value of $5 per share (none issued)

b) Issued and Outstanding

There were no shares issued during the year ended December 31, 2022.

During the year ended December 31, 2021, the Company completed a share consolidation on a 5:1 basis. The number of shares outstanding has been retroactively restated to reflect the results of the share consolidation.

The following shares were issued during the year ended December 31, 2021:

- 10,000,000 units at a price of $0.10 per unit for proceeds of $1,000,000. Each Unit is comprised of 1 common share of the Company and one half (1/2) of a common share purchase warrant with each full warrant being exercisable for an additional common share of the Company at $0.15 for 12 months. Finder's fees of $57,960 were paid in cash and 579,600 agent's warrants were issued in connection with the private placement.

c) Warrants

A summary of the changes in the Company's share purchase warrants is as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2020	-	$ -
Issued	5,579,600	0.15
Balance, December 31, 2021	5,579,600	0.15
Expired	(5,579,600)	0.15
Balance, December 31, 2022	**-**	**$ -**

During the year ended December 31, 2022, all outstanding warrants expired unexercised. As at December 31, 2022, there were no outstanding warrants.

During the year ended December 31, 2021:

The fair value of 5,000,000 warrants issued in connection with private placements was estimated on the date of issuance using the Black-Scholes option pricing model. The fair value of $379,604 was recorded as reserves and deducted from share capital.

The fair value of 334,000 agent's warrants issued in connection with private placements was estimated on the date of issuance using the Black-Scholes option pricing model. The fair value of $25,358 was recorded as share issue costs.

The fair value of 245,600 agent's warrants issued in connection with private placements was estimated on the date of issuance using the Black-Scholes option pricing model in combination with the Geske compound option pricing model for underlying warrants. The fair value of $41,200 was recorded as share issue costs.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

c) Warrants (continued)

Assumptions used in the option-pricing model are as follows:

	2022	2021
Risk-free interest rate	-	0.40%
Expected life	-	1 year
Expected volatility	-	136.5%
Expected dividends	-	Nil

d) Incentive Stock Options

The Company's Stock Option Plan ("the Plan") follows the policies of the TSX Venture Exchange regarding stock option awards granted to employees, directors, and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan, and the maximum term for the stock options granted is 10 years.

There were no options granted and no options outstanding during and as at the years ended December 31, 2022 and 2021.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition. The Company does not have any externally imposed capital requirements to which it is subject.

As at December 31, 2022 and 2021, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or borrow cash.

The Company's investment policy is to invest its excess cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

The Company's ability to continue as a going concern is dependent upon successful completion of additional financing, continuing support of creditors and its ability to attain profitable operations.

(Expressed in Canadian Dollars)

9. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's exploration activities, and limited exposure to credit and market risks. There were no changes to the objectives or the process from the prior period.

The types of risk exposure and the way in which such exposures are managed are as follows:

a) Credit Risk

Credit risk primarily arises from the Company's cash, amounts receivable and notes receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. Cash is held as cash deposits. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank and the investment grade of the guaranteed investment certificates. Amounts receivable primarily consists of Goods and Services Tax (GST) credits. The Company evaluates the creditworthiness of the counterparty and the fair value of the credit loss of the notes receivable.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of assets, liabilities and cash flows. The Company's accounts payable and accrued liabilities and due to related parties are due within one year and notes payables are due within three years based on the expected timing of completing a qualifying transaction. The undiscounted contractual cash flows of its financial liabilities are as follows:

	Within 1 year	2 to 3 years	Total
Accounts payable	$ 91,049	$ -	$ 91,049
Notes payable	45,283	209,006	254,289
Due to related parties	43,842	-	43,842
	$ 180,174	$ 209,006	$ 389,180

The Company's cash is deposited in major banks, which are available on demand to fund the Company's operating costs and other financial demands.

The Company plans to raise additional capital through the issuance of equity instruments during the year in order to meet its current obligations.

9. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued)

c) Market Risk

The significant market risks to which the Company is exposed are currency, interest rate, commodity and equity price risks.

i) Currency Risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The majority of the Company's costs are incurred in Canada and are denominated in Canadian dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

As at December 31, 2022 and 2021, the Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	DECEMBER 31 2022		DECEMBER 31 2021	
Cash	**USD**	**-**	USD	76
Accounts payable	**USD**	**1,383**	USD	2,227
Notes payable	**USD**	**12,000**	USD	12,000

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of $1,813 (2021 - $1,794) in income/loss from operations.

ii) Interest Rate Risk

The Company's policy is to invest excess cash in guaranteed investment certificates at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at December 31, 2022 and 2021, no cash was held in interest bearing deposits. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

(Expressed in Canadian Dollars)

9. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT (continued)

c) Market Risk (continued)

iii) Commodity and Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's financing abilities due to movements in individual equity prices or general movements in the stock market. The Company closely monitors equity prices and the stock market to determine the appropriate course of action to be taken by the Company.

As at December 31, 2022 and 2021, the Company had no investments subject to commodity and equity price risk.

10. INCOME TAXES

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the loss as a result of the following:

	DECEMBER 31 **2022**	DECEMBER 31 2021
Statutory tax rates	**27%**	27%
Expected income recovery provision	**$ (91,000)**	$ (86,000)
Non-deductible permanent differences and other	**2,000**	(21,000)
True-up of prior year differences	**1,750,000**	(221,000)
Change in tax assets not recognized	**(1,661,000)**	328,000
Income tax provision (recovery)	**$ -**	$ -

The significant components of the Company's deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized were as follows:

	DECEMBER 31 **2022**	DECEMBER 31 2021
Non-capital losses carried forward	**$ 10,838,000**	$ 10,485,000
Capital losses carried forward	**2,155,000**	2,155,000
Resource deductions and other	**961,000**	8,475,000
Share issue costs	**35,000**	103,000
	$ 13,989,000	$ 21,218,000

10. INCOME TAXES (continued)

The Company has Canadian non-capital losses for income tax purposes of approximately $10,838,000 (2021 - $10,485,000), which may be available to reduce taxable income in future years. The potential benefit of these losses has not been recognized as a deferred tax benefit, as currently it is not probable that such benefit will be utilized in the foreseeable future. These losses expire between 2026 and 2042.

In addition, the Company has capital losses of approximately $2,155,000 (2021 - $2,155,000) and resource related expenditures of approximately $939,000 (2021 - $8,448,000), which can be carried forward indefinitely to offset future taxable income.