DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

July 31, 2022 and 2021

(Expressed in Canadian Dollars)

Index

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DISCOVERY-CORP ENTERPRISES INC.

Opinion

We have audited the consolidated financial statements of Discovery-Corp Enterprises Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at July 31, 2022 and 2021;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity (deficit) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $212,136 during the year ended July 31, 2022 and as of that date has an accumulated deficit of $7,540,365. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

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

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

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

In preparing the consolidated 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 management's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' report is Michelle Chi Wai So.

Smythe LLP
Chartered Professional Accountants

Vancouver, British Columbia
November 17, 2022

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DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year Ended July 31, 2022	Year Ended July 31, 2021
Expenses			
Administration	9 and 12	$ 181,869	$ 74,092
Exploration	13	30,302	53,124
		(212,171)	(127,216)
Interest income		35	41
Net loss / total comprehensive loss for year		(212,136)	(127,175)
Loss per share (basic and diluted)		$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding		13,213,671	12,217,096

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

DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	As at July 31, 2022	As at July 31, 2021
ASSETS			
Current assets			
Cash		$ 31,746	$ 65,195
Accounts receivable		2,555	1,209
Total current assets		34,301	66,404
Non-current assets			
Reclamation bonds	6	8,000	8,000
Resource property interests	7	20,916	20,916
Total assets		**$ 63,217**	**$ 95,320**
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 95,692	$ 12,082
EQUITY (DEFICIT)			
Share capital	8	7,472,890	7,376,467
Reserves	8	35,000	35,000
Deficit		(7,540,365)	(7,328,229)
Total equity (deficit)		(32,475)	83,238
Total equity and liabilities		**$ 63,217**	**$ 95,320**

APPROVED ON BEHALF OF THE BOARD:

"Iain Brown"
__________________________ Director
Iain Brown

"Alex Pannu"
__________________________ Director
Alex Pannu

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

DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian dollars)

		Share Capital								
	Notes	Number of Shares		Amount		Reserves		Deficit		Total Equity (Deficit)
Balance, July 31, 2020		**12,217,096**	**$**	**7,376,467**	**$**	**35,000**	**$**	**(7,201,054)**	**$**	**210,413**
Net loss for the year		-		-		-		(127,175)		(127,175)
Balance, July 31, 2021		**12,217,096**	**$**	**7,376,467**	**$**	**35,000**	**$**	**(7,328,229)**	**$**	**83,238**
Net loss for the year		-		-		-		(212,136)		(212,136)
Shares issued for private placement, net of share issuance costs	8	1,250,000		96,423				-		96,423
Balance, July 31, 2022		**13,467,096**	**$**	**7,472,890**	**$**	**35,000**	**$,**	**(7,540,365)**	**$**	**(32,475)**

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

DISCOVERY-CORP ENTERPRISES INC.
(An exploration stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Notes	Year Ended July 31, 2022	Year Ended July 31, 2021
Operating activities			
Net loss for the year		$ (212,136)	$ (127,175)
Changes in non-cash working capital items			
Accounts receivable		(1,346)	639
Accounts payable and accrued liabilities		83,610	1,401
Cash used in operating activities		(129,872)	(125,135)
Financing activity			
Private placement, net of issue costs	8	96,423	-
Cash provided by financing activity		96,423	-
Decrease in cash		(33,449)	(125,135)
Cash, beginning of year		65,195	190,330
Cash, end of year		$ 31,746	$ 65,195
Supplemental cash flow information			
Interest		-	-
Taxes		-	-

There were no cash investing activities during the years ended July 31, 2022 and 2021.

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Discovery-Corp Enterprises Inc. (the "Company") was incorporated under the laws of British Columbia on May 6, 1986 and maintains its head office at 125A - 1030 Denman Street, Vancouver, British Columbia, Canada, V6G 2M6. The Company's registered and records office is at 700 - 401 West Georgia Street, Vancouver, British Columbia, Canada, V6B 5A1. The Company is an exploration stage company engaged in exploration for base and precious metals.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions may cast significant doubt on the validity of this assumption. The Company has incurred significant losses since inception and as at July 31, 2022, has an accumulated deficit of $7,540,365 (2021 - $7,328,229).

The Company's ability to continue as a going concern is dependent upon its ability to secure additional financing on a timely basis and achieve sufficient positive cash flows from operating activities to cover obligations and expenses. Management may actively seek additional financing opportunities through the issuance of equity as the need for capital arises. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful. If the going concern assumption is not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

NOTE 2 – STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Approval of the Consolidated Financial Statements

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 17, 2022.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Amounts are stated in Canadian dollars, which is the functional and reporting currency for the Company and its subsidiaries. The following reflects the significant accounting policies:

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Prebble Resources USA, Inc. (a Nevada corporation). During the year ended July 31, 2022, the Company incorporated under the law of British Columbia two wholly owned inactive subsidiaries, Galaxy Strategy Corp. and 1369569 B.C. Ltd. A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

(b) Interest Income

Interest income derived from cash is recognized on an accrual basis as earned at the stated rate of interest.

(c) Exploration and Evaluation

The Company is in the exploration stage and capitalizes all acquisition costs related to its resource property interests until such time as the properties are put into commercial production, sold or abandoned. The Company expenses all exploration expenditures in the period incurred. Amounts shown as resource property interests represent acquisition costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values. If a property is put into commercial production, the acquisition costs relating to that property will be depleted based upon the proven reserves available.

From time to time, the Company may acquire or dispose of a resource property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is recorded in income.

(d) Mining Exploration Tax Credit

The Company recognizes mining exploration tax recoveries in the period in which the related recoveries are received. The amount recoverable is subject to review and approval by the taxation authorities.

(e) Provisions for Environmental Rehabilitation

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Additional disturbances and changes in closure and reclamation estimates are accounted for as incurred with a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Share-based Payments

The Company has a stock option plan that is described in Note 8(c). The Company may grant share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date using the Black-Scholes option pricing model and is recognized over the vesting period using the graded method. Fair value of share-based payments to non-employees is recognized and measured at the date the goods or services are received based on the fair value of such goods or services. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model. Upon option expiry, related amounts are transferred from reserves to deficit.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

(g) Common Shares

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(h) Equity Units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares and warrants on a residual value basis. The value allocated to the common shares is based on the market price of the shares on the date of the transaction and the residual, if any, is allocated to the warrants. Consideration received for the exercise of warrants is recorded in share capital and the related amount recognized in warrant reserve is transferred to share capital. Upon warrant expiry, related amounts are transferred from reserves to deficit.

(i) Earnings (Loss) per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Non-current Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets, including resource property interests, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to net loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

(k) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in net loss, except to the extent that if the income tax expense related to items recognized directly in equity, the income tax expense would also be recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, 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 using the statement of financial position liability method. Under this method, deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Instruments

i) Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash and reclamation bonds are classified as FVTPL.

ii) Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and classified as financial liabilities subsequently measured at amortized cost.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Instruments (continued)

iii) Fair Value Hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, reclamation bonds, accounts payables and accrued liabilities are recorded at their carrying amounts and approximate their fair values due to their short-term nature.

(m) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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.

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

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Recovery of deferred tax assets</u>

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Significant Accounting Estimates and Judgments (continued)

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Estimates and assumptions made in the realization of the Company's investment in mineral property interests may change if new information becomes available. New information may become available during the use of these assets that causes the Company to adjust its estimates.

Cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation, and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statements of financial position at its carrying value as management has determined there are no indicators of impairment for its mineral properties as at July 31, 2022 and 2021.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits.

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management assesses the amount of cash on hand at each reporting date to determine whether the Company pursues any exploration programs or adjusts management salaries and other expenses in the following year.

NOTE 4 – RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash and reclamation bonds. The Company limits exposure to credit risk by maintaining its cash and reclamation bonds with major financial institutions.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

At July 31, 2022, the Company had cash of $31,756 (2021 - $65,195) available to apply against short-term business requirements and current liabilities of $95,692 (2021 - $12,082). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows from the Company's financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to significant market risk.

NOTE 5 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource property interests. In the management of capital, the Company includes the components of equity as capital. 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, option its resource property interests for cash and/or expenditures or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary.

The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company has not changed its capital risk management strategy during the year ended July 31, 2022 and is not subject to externally imposed capital requirements.

NOTE 6 – RECLAMATION BONDS

The reclamation bonds are comprised of a $1,000 (2021 - $1,000) cash deposit plus term deposits held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and *Health, Safety and Reclamation Code for Mines* in British Columbia. The $2,000 (2021 - $2,000) term deposit bears interest at 2.25% per annum and matures September 19, 2023. The $5,000 (2021 - $5,000) term deposit bears interest at prime minus 2.4% and matures January 19, 2023. The deposits are renewed annually.

NOTE 7 – RESOURCE PROPERTY INTERESTS

	2022	2021
Galaxy Property, British Columbia, Canada	$ 20,916	$ 20,916

Galaxy Property, British Columbia, Canada

The Company holds an undivided 100% interest in seven mineral claims and two Crown-granted mineral claims in the Kamloops Mining Division of British Columbia, Canada, known as the Galaxy Property.

Rock Creek, Nevada, USA

The Company holds a 50% interest in the Rock Creek property. The Company has written off the property for accounting purposes, but retains its interest for viable projects in the future.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

Title

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all its properties are in good standing. However, such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Realization

The investment in resource properties comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

(Expressed in Canadian dollars)

NOTE 8 – EQUITY

(a) Authorized: unlimited number of common shares without par value

(b) Issued:

No shares were issued during the year ended July 31, 2021.

During the year ended July 31, 2022:

> On October 14, 2021, the Company closed a non-brokered private placement of 1,250,000 units at a price of $0.08 per unit for total gross proceeds of $100,000. Each unit consists of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase an additional share in the capital of the Company at an exercise price of $0.10 until October 12, 2024. Three directors participated in the private placement for an aggregate number of 312,500 units subscribed representing 25% of the total private placement subscribed. No finder's fees were paid. Total share issuance costs of $3,577 were incurred yielding net proceeds of $96,423. All of the units are subject to a four-month hold period that ended February 15, 2022.

(c) Stock Options

The Company established a stock option plan under which it may grant stock options totaling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to employees and persons providing investor-relation or consulting services up to a limit of 5%, 2% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except for options granted to persons providing investor relations services, which vest over a twelve-month period. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date cannot exceed five years after the grant date.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. There were no options granted or outstanding during the years ended July 31, 2022 and 2021.

(d) Warrants

Details of the status of the Company's warrants as at July 31, 2021 and 2022 and changes during the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2020	6,700,000	$ 0.32
Expired	(800,000)	$ 0.50
Balance, July 31, 2021	5,900,000	$ 0.29
Expired	(2,400,000)	$0.50
Issued	1,250,000	$0.10
Balance, July 31, 2022	4,750,000	$ 0.14

(Expressed in Canadian dollars)

NOTE 8 – EQUITY (continued)

(d) Warrants (continued)

The warrants outstanding at July 31, 2022 are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,500,000	$ 0.15	January 20, 2023
1,250,000	$ 0.10	October 12, 2024
4,750,000		

The warrants outstanding at July 31, 2021 are as follows:

Number of Warrants	Exercise Price	Expiry Date
900,000	$ 0.50	September 6, 2021
1,500,000	$ 0.50	March 7, 2022
3,500,000	$ 0.15	January 20, 2023
5,900,000		

The weighted average remaining contractual life of warrants outstanding at July 31, 2022 is 0.92 (2021 - 1.04) years.

NOTE 9 – RELATED PARTY TRANSACTIONS

The consolidated financial statements include transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. The remuneration of directors and other key management personnel was as follows:

	2022	2021
Short-term employee benefits (Notes 12 and 13)	$ 121,805	$ 105,600

Key management personnel were not paid any post-employment benefits, termination benefits or other long-term benefits during the respective periods.

At July 31, 2022, the Company had $19,800 (2021 - $nil) owing to related parties. The amounts due to related parties are unsecured, have no stated terms of repayment and are interest-free.

NOTE 10 – SEGMENT DISCLOSURE

The Company operates in one business segment, which is the acquisition and exploration of mineral property interests, and its non-current assets are held in Canada.

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES

The Company has operating losses that may be carried forward to apply against future years' income for income tax purposes. These losses expire as follows:

	Canada	U.S.	Total
2025	$ 325,000	$ -	$ 325,000
2026	61,000	165,000	223,000
2027	216,000	1,000	217,000
2028	314,000	-	314,000
2029	210,000	2,500	213,000
2030	172,000	4,500	176,000
2031	187,000	2,500	190,000
2032	268,000	2,500	271,000
2033	269,000	2,000	271,000
2034	263,000	2,000	265,000
2035	193,000	2,000	195,000
2036	176,000	2,000	178,000
2037	179,000	2,500	181,000
2038	159,000	2,500	162,000
2039	118,000	2,500	121,000
2040	135,000	2,500	138,000
2041	60,000	1,500	61,000
2042	185,000	1,500	191,000
	$ 3,490,000	$ 199,000	$ 3,692,000

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2022	2021
Net loss for year	$ (212,136)	$ (127,175)
Canadian statutory income tax rate	27.00%	27.00%
Loss tax benefit computed at statutory rates	(57,277)	(34,338)
Change in timing differences	(6,575)	5,601
Impact of over provision in previous years	(2,397)	(3,554)
Unused tax losses and tax offsets not recognized in tax asset	67,476	28,737
Impact of foreign exchange on tax assets and liabilities	(1,227)	3,554
Income tax expense	$ -	$ -

(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES (continued)

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable that taxable income will be available for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2022	2021
Non-capital loss carry-forwards - Canada	$ 3,490,195	$ 3,305,021
Capital loss carry-forwards	901,508	901,508
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	753,404	723,102
Non-capital loss carry-forwards - US	198,993	193,458
Share issuance costs	7,396	7,160
Unrecognized deductible temporary differences	$ 5,351,496	$ 5,130,249

NOTE 12 – ADMINISTRATION EXPENSES

The administration expenses for the Company are broken down as follows:

	2022	2021
Consulting fees administration (Note 9)	$ 72,700	$ 31,200
Professional fees	83,740	17,390
Listing, filing and transfer agent fees	19,756	16,911
Office	5,191	7,808
Shareholder and investor relations	136	447
Bank charges	346	336
	$ 181,869	$ 74,092

NOTE 13 – EXPLORATION EXPENSES

The exploration expenses for the Company related to its Galaxy Property are broken down as follows:

	2022	2021
Government fees	$ 747	$ 247
First Nations Consultation (Note 9)	30,000	38,706
Field Exploration and drill planning (Note 9)	20,331	30,200
British Columbia mining exploration tax credit	(20,776)	(16,029)
	$ 30,302	$ 53,124

NOTE 14 – COVID PANDEMIC

Since March 11, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed and mandatory quarantine periods and physical distancing, have caused material disruption to business globally resulting in supply chain shortages and economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. COVID-19 has impacted the Company's ability to travel and have in person meetings and conduct work on the properties. Worker shortages negatively impacted the timing of the Company's fiscal 2022 Galaxy exploration program.

NOTE 15 – INFLATION

The impact of inflation is causing significant volatility and weakness in global equity markets and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

NOTE 16 – SUBSEQUENT EVENTS

The Company entered into a definitive arrangement agreement dated October 13, 2022 (the "Arrangement Agreement") related to the proposed business combination (the "Transaction") of the Company with Scramble Resources Corp. ("Scramble"), a company incorporated under the laws of British Columbia.

It is expected that, immediately prior to closing the Transaction, there will be an aggregate of 22,800,000 shares in the capital of Scramble (the "Scramble Shares") issued and outstanding and, accordingly, 22,800,000 Consideration Shares (as defined below) are expected to be issued on closing. The Consideration Shares will be issued at a post-consolidation price per share of $0.1897, for a total consideration of $4,325,160.