

79 RESOURCES LTD.
Consolidated Financial Statements
For the year ended December 31, 2022
Expressed in Canadian Dollars



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A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of:
79 Resources Ltd.**

Opinion

We have audited the consolidated financial statements of 79 Resources Ltd. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022 and 2021, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year ended December 31, 2022 and for the period ended from the date of incorporation on February 18, 2021 to December 31, 2021, and 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 financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flow for the year ended December 31, 2022 and for the period ended from the date of incorporation on February 18, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's 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 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 consolidated financial statements, which indicates that the Company incurred a net comprehensive loss of \$207,963 during the year ended December 31, 2022 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$2,763,630 since its inception, and expects to incur further losses in the development of its business. 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 Management Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 Company's financial reporting process.

Auditor's 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 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 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 auditor's 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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 practitioner on the audit resulting in this independent auditor's report is Anthony Chan, CPA, CA.

"A Chan & Company LLP"
Chartered Professional Accountant

Unit# 114B (2nd floor) – 8988 Fraserton Court
Burnaby, BC, Canada V5J 5H8

April 27, 2023

79 RESOURCES LTD.Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 71,214	\$ 228,585
GST receivable	4,824	32,584
Prepaid expenses	-	5,000
	<u>76,038</u>	<u>266,169</u>
Non-current assets		
Exploration and evaluation assets (Note 3)	<u>592,885</u>	<u>513,405</u>
	<u>\$ 668,923</u>	<u>\$ 779,574</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,945	\$ 18,637
Due to related parties (Note 5)	-	1,050
	<u>13,945</u>	<u>19,687</u>
Shareholders' equity		
Share capital (Note 4)	2,900,529	2,900,529
Reserves (Note 4)	518,079	415,025
Deficit	<u>(2,763,630)</u>	<u>(2,555,667)</u>
	<u>654,978</u>	<u>759,887</u>
	<u>\$ 668,923</u>	<u>\$ 779,574</u>

Nature of Operations and Going Concern (Note 1)

Approved on Behalf of the Board of Directors:

"Ryan Kalt"
Director

"Brian Hearst"
Director

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

79 RESOURCES LTD.Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2022	Period from Incorporation on February 18, 2021 to December 31, 2021
Expenses		
Consulting fees (Note 5)	\$ 32,625	\$ 19,600
Management fees (Note 5)	6,000	15,000
Marketing and promotion	3,257	4,395
Office and miscellaneous	898	27
Professional fees (Note 5)	45,700	29,854
Regulatory and filing fees	16,429	6,828
Share-based payments	103,054	-
Loss before other items	(207,963)	(75,704)
Flow-through recovery (Note 4)	-	26,925
Other income	-	7,273
Listing expense (Note 9)	-	(2,514,161)
Loss for the Year / Period	<u>\$ (207,963)</u>	<u>\$ (2,555,667)</u>
Loss Per Share, Basic and Diluted	\$ (0.00)	\$ (0.11)
Weighted Average Common Shares Outstanding (basic and diluted)	102,182,001	22,937,886

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

79 RESOURCES LTD.Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital		Share-Based Payment Reserve	Deficit	Shareholders' Equity
	Shares	Amount			
Balance at February 18, 2021 (incorporation)	-	\$ -	\$ -	\$ -	\$ -
Shares issued for private placement	3,250,000	325,000	-	-	325,000
Discontinuance of shares of Buck Gold Inc.	(3,250,000)	-	-	-	-
Shares issued on RTO date	80,000,000	2,103,600	401,297	-	2,504,897
Shares of 79 Resources recognized	17,530,001	-	-	-	-
Shares issued for finders' fee on RTO date	2,000,000	240,000	-	-	240,000
Shares issued for private placement	2,652,000	292,152	-	-	292,152
Share issuance costs	-	(33,298)	13,728	-	(19,570)
Flow-through premium	-	(26,925)	-	-	(26,925)
Loss for the period	-	-	-	(2,555,667)	(2,555,667)
Balance at December 31, 2021	102,182,001	\$ 2,900,529	\$ 415,025	\$ (2,555,667)	\$ 759,887
Share-based payments	-	-	103,054	-	103,054
Loss for the year	-	-	-	(207,963)	(207,963)
Balance at December 31, 2022	102,182,001	\$ 2,900,529	\$ 518,079	\$ (2,763,630)	\$ 654,978

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

79 RESOURCES LTD.Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2022	Period from Incorporation on February 18, 2021 to December 31, 2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	\$ (207,963)	\$ (2,555,667)
Items not involving cash:		
Share-based payments	103,054	-
Flow-through recovery	-	(26,925)
Listing expense	-	2,514,161
Net change in non-cash working capital items:		
GST recoverable	27,760	(13,032)
Prepaid expenses	5,000	(5,000)
Accounts payable and accrued liabilities	(4,692)	(22,167)
Due to related parties	(1,050)	1,050
Net cash used in operating activities	<u>(77,891)</u>	<u>(107,580)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(79,480)	(513,405)
Acquisition of 79 Resources	-	251,988
Net cash used in investing activities	<u>(79,480)</u>	<u>(261,417)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	617,152
Share issuance costs	-	(19,570)
Net cash provided by financings activities	<u>-</u>	<u>597,582</u>
Change in cash during the year	(157,371)	228,585
Cash, beginning of year	228,585	-
Cash, end of year	\$ 71,214	\$ 228,585

Non-cash investing and financing activities (Note 7)

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

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

1. Nature and continuance of operations

79 Resources Ltd. (the “**Company**” or “**79 Resources**”) was incorporated on April 17, 2019 under the laws of the Province of British Columbia, Canada. On October 20, 2021, the Company completed a transaction with Buck Gold Inc. (“**Buck Gold**”). Upon closing of the transaction, the shareholder of Buck Gold had control of the combined entity, and as a result, the transaction is considered a reverse acquisition of 79 Resources by Buck Gold. For accounting purposes, Buck Gold is considered the acquirer and 79 Resources the acquiree. Accordingly, these consolidated financial statements, which are presented on a consolidated basis, are a continuation of the financial statements of Buck Gold starting from Buck Gold’s date of incorporation on February 18, 2021 (See Note 9) pursuant to the laws of the Province of British Columbia.

The Company’s registered office is Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

On August 28, 2020, the Company completed its initial public offering (“**IPO**”) and became publicly listed on the Canadian Securities Exchange (“**CSE**”). The Company trades under the symbol “**SNR**”.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As at December 31, 2022 the Company was in the exploration stage and had interests in mineral properties in Canada.

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at December 31, 2022, the Company had a working capital of \$62,093 (2021 - \$246,482).

Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans and will require additional funding moving forward. These material uncertainties may cast substantial doubt about the Company’s ability to continue as a going concern. The Company estimates that it will need to raise substantial additional capital to accomplish its business plan and meet its financial obligations, including on both on a near-term basis and potentially beyond. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus, specifically identified as “**COVID-19**”, a global pandemic which resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures caused material disruption to business globally resulting in an economic slowdown, with a further outcome of global equity markets experiencing significant volatility and weakness. As relates to the Company during 2023, the ongoing duration and ultimate impact of the COVID-19 outbreak (and related variants) is unknown, although likely to be of a negative effect. It is not possible to estimate the length and severity of any ongoing pandemic-related developments, labour shortages, community restrictions where its projects may be situated, the impact on its financial results and/or other material impacts on the Company moving-forward.

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on April 27, 2023 by the Company through its board of directors.

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency, unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Buck Gold Inc., effective on October 20, 2021. Inter-company balances and transactions are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following areas required a significant degree of estimation:

a) Recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

b) Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

2. Significant accounting policies and basis of preparation (cont'd)

c) Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

The following areas required a significant degree of judgment:

a) Going concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Financial instruments

Financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

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

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets

The carrying amount of the Company's assets which include exploration and evaluation assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Income taxes

Deferred income tax:

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Exploration and evaluation assets

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

2. Significant accounting policies and basis of preparation (cont'd)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for indications of impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine development cost”. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company does not have any provisions for rehabilitation obligations.

Flow-through shares

The Company may from time to time, issue flow-through common shares to finance its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability on a pro-rata basis to the expenditures incurred. The reduction of the flow-through share premium previously recorded is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian exploration expenses (as defined in the Tax Act).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with the Tax Act. When applicable, this tax is accrued as a financial expense until paid.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

2. Significant accounting policies and basis of preparation (cont'd)*Loss per share*

Basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, this calculation proved to be anti-dilutive. Loss per share includes a non-cash and non-recurring listing expense of \$2,514,161 (\$0.11 per share) related to the share purchase agreement between Buck Gold Inc. and the Company resulting in a reverse acquisition for the period ended December 31, 2021.

Leases

IFRS 16 Leases - Specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company had no leases in effect during the financial period presented.

3. Exploration and evaluation assets

	Five Point Copper- Gold Project, British Columbia	North Preston Uranium Project, Saskatchewan	Total
Acquisition Costs:			
Balance, February 18, 2021 (date of incorporation)	\$ -	\$ -	\$ -
Cash	209,975	1,200	211,175
Balance, December 31, 2021	\$ 209,975	\$ 1,200	\$ 211,175
Cash	49,992	1,023	51,015
Balance, December 31, 2022	\$ 259,967	\$ 2,223	\$ 262,190
Exploration Costs:			
Balance, February 18, 2021 (date of incorporation)	\$ -	\$ -	\$ -
Administration	190	-	190
Geological and consulting	23,665	-	23,665
Geophysical	278,375	-	278,375
Balance, December 31, 2021	\$ 302,230	\$ -	\$ 302,230
Geological and consulting	8,465	-	8,465
Geophysical	20,000	-	20,000
Balance, December 31, 2022	\$ 330,695	\$ -	\$ 330,695
Total	\$ 590,662	\$ 2,223	\$ 592,885

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

3. Exploration and evaluation assets (cont'd)

Five Point Copper & Gold Project (“Five Point”)

Recent Developments

The Five Point Copper-Gold Project is contiguous to the Buck Project being advanced by Sun Summit Minerals Corp. (“Sun Summit”), who has discovered gold and copper mineralization at its project. Sun Summit is publicly listed and trades on the TSX Venture Exchange under the symbol SMN.

On an exploration front during 2022, the Company completed a further phase III helicopter-borne magnetic survey at the Five Point project (see also the Company’s news release dated February 16, 2022).

In addition, over the course of 2022 (and into 2023), the Company has actively managed and reduced its tenure position to lower overall expenditures and to focus the forward-composition of the project licenses on areas deemed to 79 Resources to be of priority.

Historic Project Background

On October 20, 2021, the Company acquired the Five Point Copper-Gold Project pursuant to the share purchase agreement with Buck Gold (Note 9).

On February 19, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in fifty-eight licenses located in British Columbia from a company beneficially owned by the director for consideration of \$153,774, the sum of which reflected fees paid to the Government of British Columbia.

On February 20, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in five licenses located in British Columbia from a company beneficially owned by the director for consideration of \$12,690, the sum of which reflected fees paid to the Government of British Columbia.

On March 23, 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest, subject to a 2% gross royalty reserved for a related party, in fifteen licenses located in British Columbia from a company beneficially owned by the director for consideration of \$43,511, the sum of which reflected fees paid to the Government of British Columbia.

In May 2021, the Company completed certain exploration work at Five Point by way of a helicopter-borne magnetic survey covering 14,790 hectares utilizing 805 line-kilometres flown, as well as 3-D inversion modelling of a portion of that geophysical airborne survey.

In December 2021, the Company commenced and completed a phase II helicopter-borne magnetic survey at the Five Point project that significantly expanded upon the geophysical work done by the Company earlier in the year (see Company news release dated December 14, 2021).

North Preston Uranium Project (Saskatchewan)

Recent Developments

During the year ended December 31, 2022, the tenure comprising the North Preston Uranium Project matured with Crown reversion (due to an absence of filed assessment work) but was successfully re-staked by Company through two licenses, having substantially identical coverage, during a Crown re-opening in August 2022 with applicable government-prescribed license fees paid to the Government of Saskatchewan. The pre-existing 2% gross royalty applies to the re-staked license area.

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Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended December 31, 2022

3. Exploration and evaluation assets (cont'd)

North Preston Uranium Project (Saskatchewan) (cont'd)

As a result of the above-described corporate activity performed in 2022 by the Company, the North Preston Uranium Project is now in good-standing to 2024.

Historic Project Background

On November 8, 2021, the Company entered into a purchase agreement with a company controlled by a related party of the Company to acquire a 100% interest in the North Preston Uranium Project located in the southwest region of Saskatchewan's Athabasca Basin. As consideration, the Company paid \$1,200 for the license fees paid to Government of Saskatchewan and certain non-material expenses affiliated with the license acquisition process. A pre-existing 2% gross royalty on the claim was assumed by the Company.

4. Share capital

Authorized share capital

The Company is authorized for an unlimited number of common shares without par value.

Issuances

For the period ended December 31, 2021:

On February 18, 2021, the Company conducted a common share equity financing (on a private placement basis) in the amount of \$325,000 by way of 3,250,000 common shares at an offering price of \$0.10 per share (the "Common Share Financing"). The Common Share Financing was fully subscribed to by a director of Buck Gold.

On October 20, 2021, the Company issued 80,000,000 common shares pursuant to the share purchase agreement with Buck Gold (see Note 9).

On October 20, 2021, the Company issued 2,000,000 common shares for finder's fee valued at \$240,000 pursuant to the share exchange agreement with Buck Gold (see Note 9).

On November 30, 2021, the Company closed the non-brokered private placement of 1,575,000 non-flow-through units at a price of \$0.10 per unit ("Unit") and 1,077,000 flow-through units at a price of \$0.125 per flow-through unit ("FT Unit") for aggregate gross proceeds of \$292,152. Each Unit is comprised of one common share and one transferable share purchase warrant of the Company. Each FT Unit is comprised of one common share and one half of one transferable share purchase warrant of the Company. Each whole warrant will entitle the holder to purchase one share exercisable at a price of \$0.20 until November 30, 2023. In connection of the private placement, the Company paid finders' fees of \$19,570 and 178,560 finder's warrants (valued at \$13,728). Finder's warrants entitle the finder to purchase one common share in the Company exercisable at a price of \$0.20 until November 30, 2023. Flow-through liability associated with these issuances using the residual method was \$26,925.

Escrow shares, stock options and warrants

As at December 31, 2022, the Company had 600,002 common shares held in escrow in connection with the Company's initial public offering. Under the IPO escrow agreement, 10% of the escrowed common shares were released from escrow upon the Listing Date and that, where there are no changes to the Common Shares initially deposited and no additional Escrow Securities, the remaining Escrowed Securities will be released in equal tranches of 15% every 6-month interval thereafter, over a period of 36 months.

79 RESOURCES LTD.

Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

4. Share capital (cont'd)

As at December 31, 2022, the Company had 49,174,002 common shares, 54,000 warrants (with an exercise price of \$0.20 per share and expiry date on March 19, 2023) and 60,000 stock options (with an exercise price of \$0.16 and expiry date on January 29, 2023) subject to escrow arrangements as either a direct or indirect result of the acquisition of Buck Gold Inc. Under the aforementioned escrow arrangements, 10% of the escrowed common shares, warrants and options were released from escrow upon the date that the shares commenced trading on the CSE on a post-transaction basis, to be followed by six (6) subsequent escrow releases of 15% every six (6) months thereafter.

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants are not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

On March 15, 2022, the Company granted incentive stock options to purchase 2,395,000 common shares at an exercise price of \$0.10 per share for a period of five years. Accordingly, the Company recorded the estimated grant date fair value of \$103,054 in connection to these options.

The grant date fair value of the options granted above was based on the following assumptions: share price at grant date of \$0.055; exercise price of \$0.10; expected life of 5 years; expected volatility of 123%; risk free interest rate of 1.96%; expected dividend yield of 0%; and forfeiture rate of 0%.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at February 18, 2021 (date of incorporation)	-	-
Assumed from 79 Resources Ltd.	1,280,000	0.14
Balance at December 31, 2021	1,280,000	0.14
Granted	2,395,000	0.10
Expired/cancelled	(430,000)	0.13
Balance at December 31, 2022	3,245,000	\$ 0.11

Details of options outstanding as at December 31, 2022 are as follows:

Number of Options	Exercise Price	Expiry date	Exercisable
400,000	\$0.16	January 29, 2023	400,000
100,000	\$0.10	February 24, 2023	100,000
80,000	\$0.16	March 4, 2023	80,000
270,000	\$0.145	May 6, 2023	270,000
2,395,000	\$0.10	March 15, 2027	2,395,000

As at December 31, 2022 the options outstanding had a weighted average exercise price of \$0.11 and a weighted average life of 3.15 years.

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Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended December 31, 2022

4. Share capital (cont'd)

Warrants

On November 30, 2021, the Company granted 178,560 finder's warrants exercisable at a price of \$0.20 until November 30, 2023. The estimated fair value of the options was \$13,728 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 123%, an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 1.02%.

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 18, 2021 (date of incorporation)	-	-
Issued	2,292,060	0.20
Assumed from 79 Resources Ltd.	9,500,000	0.17
Balance at December 31, 2021	11,792,060	0.18
Expired	(5,060,000)	0.15
Balance at December 31, 2022	6,732,060	\$0.20

Details of warrants outstanding as at December 31, 2022 are as follows:

Number of Warrants	Exercise Price	Expiry date
4,180,000	\$0.20	March 19, 2023
260,000	\$0.20	March 19, 2023
2,292,060	\$0.20	November 30, 2023

As at December 31, 2022 the warrants outstanding had a weighted average exercise price of \$0.20 and a weighted average life of 0.45 years.

5. Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Current Management

During the year ended December 31, 2022, the Company did not pay or accrue any compensation to the Chief Executive Officer (CEO) of the Company (February 18, 2021 to December 31, 2021 - \$Nil).

During the year ended December 31, 2022, the Company has paid or accrued \$27,500 (February 18, 2021 to December 31, 2021 - \$Nil) to an accounting firm in which the Chief Financial Officer (CFO) of the Company is a partner of the firm for professional services.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

5. Related party transactions (cont'd)

Past Management

During the year ended December 31, 2022, the Company has paid or accrued \$Nil (February 18, 2021 to December 31, 2021 - \$5,000) to a company controlled by a former Director of the Company for consulting services.

During the year ended December 31, 2022, the Company has paid or accrued \$6,000 (February 18, 2021 to December 31, 2021 - \$15,000) to a company controlled by a former Director of the Company for management services.

During the year ended December 31, 2022, the Company has paid or accrued \$1,000 (February 18, 2021 to December 31, 2021 - \$3,000) to the former CFO for accounting services included in consulting fees. As at December 31, 2022, the balance outstanding was \$Nil (2021 - \$1,050).

During the period from the date of incorporation on February 18, 2021 to December 31, 2021, the Company entered into purchase and sale agreements to acquire a 100% interest in certain licenses related to the Five Point Copper-Gold Project (see Note 3). As consideration, the Company paid a total of \$209,975, the sum of which reflected fees paid to the Government of British Columbia.

On November 8, 2021, the Company entered into a purchase agreement with a company controlled by a related party of the Company to acquire a 100% interest in the North Preston Uranium Project located in the southwest region of Saskatchewan's Athabasca Basin (see Note 3). As consideration, the Company paid \$1,200 for the license fees paid to Government of Saskatchewan and certain non-material expenses affiliated with the license acquisition process.

6. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

6. Financial risk management (cont'd)

d) 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's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

e) Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity-based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes the components of equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the year.

f) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Management estimates that the recorded values of all cash, accounts payable and accrued liabilities, and amounts due to related parties, all of which are classified as amortized cost, approximate their current fair values because of their nature and anticipated settlement dates.

7. Supplemental disclosure with respect to cash flows

During the period from the date of incorporation on February 18, 2021 to December 31, 2021, the Company incurred the following non-cash financing and investing transactions:

	\$
Non-cash financing and investing activities:	
Fair value of shares issued to 79 Resources on reverse takeover	2,103,600
Fair value of warrants of 79 Resources on reverse takeover	342,551
Fair value of options of 79 Resources on reverse takeover	58,746
Fair value of shares issued for finder's fee on reverse takeover	240,000
Fair value of finder's warrants as share issuance costs	13,728

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

8. Segmented information

The Company presently operates in one industry segment being the acquisition and exploration of mineral projects in one geographical jurisdiction (Canada), as disclosed in Note 3.

9. Share Acquisition of Buck Gold Inc. ("Buck Gold")

On June 15, 2021, the Company entered into a definitive share purchase agreement with an arm's-length party to acquire all of the issued and outstanding common shares of Buck Gold. Buck Gold holds certain mineral claims in British Columbia (subject a 2% royalty).

To acquire a 100% interest in the securities of Buck Gold, the Company issued 80,000,000 common shares (the "SNR Shares") as consideration for all the issued and outstanding common shares of Buck Gold. The former shareholder of Buck Gold will own greater than 50% of the combined entity and accordingly control the combined entity thus resulting in a reverse takeover transaction as defined by IFRS. The SNR Shares have customary escrow provisions as effectuated by the CSE.

The transaction constituted a fundamental change of the Company in accordance with the policies of the CSE, the equity exchange on which the Company is listed, and as such, was subject to certain CSE filings, shareholder approval, CSE approval and other customary regulatory approvals (all conditions of which were met at closing). In addition, the Company paid a finder's fee of 2,000,000 common shares in connection with the transaction to an arm's-length party.

The Company closed the acquisition of Buck Gold on October 20, 2021.

The substance of the transaction was a reverse takeover of the non-operating company, and the transaction does not constitute a business combination as 79 Resources does not meet the definition of a business under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that was not a business combination with a recognition of a listing expense which represented the difference between the fair value of consideration Buck Gold paid and the fair value of 79 Resources' net assets.

Buck Gold, the legal subsidiary, has been identified as the accounting acquirer and 79 Resources, the legal parent, has been identified as the accounting acquiree. As Buck Gold was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. 79 Resources' results of operations have been included from October 20, 2021, the date of the completion of the transaction.

The fair value of the consideration was calculated as follows:

- The fair value of 17,530,001 common shares was determined to be \$2,103,600 based on the fair value of 79 Resources' shares on the closing date.
- The fair value of 2,000,000 common shares paid for finder's fees was determined to be \$240,000 based on the fair value of 79 Resources' shares on the closing date.
- The fair value of 1,280,000 stock options were valued at \$58,746 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 96%; an expected life of 1.35 years; a dividend yield of 0%; and risk-free rate of 0.57%.
- The fair value of 9,500,000 warrants were valued at \$342,551 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 99%; an expected life of 1.11 years; a dividend yield of 0%; and risk-free rate of 0.48%.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

9. Share Acquisition of Buck Gold Inc. (“Buck Gold”) (cont’d)

	Amount
	\$
Consideration (Non-Cash)	
Common shares	2,103,600
Stock options	58,746
Warrants	342,551
Common shares for finder’s fee	240,000
	<hr/>
Total consideration	2,744,897
	<hr/>
Identifiable net assets acquired	
Cash	251,988
GST receivable	19,552
Accounts payable and accrued liabilities	(40,804)
	<hr/>
Total identifiable net assets acquired	230,736
	<hr/>
Allocated to listing expense	2,514,161
	<hr/>

10. Capital disclosures

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

The Company manages its 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 its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing exploration efforts. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

The Company is not subject to externally imposed capital requirements as at December 31, 2022 except when the Company issues flow-through shares for which the amount is required to be used for exploration work. On November 30, 2021, the Company completed a flow-through private placement totaling \$134,625. As at December 31, 2022, the Company had fully incurred eligible exploration and evaluation expenditures related to the flow-through obligations corresponding to the November 30, 2021 flow-through financing.

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Notes to the Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2022

11. Income taxes

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

	<u>2022</u>	<u>2021</u>
Net loss before income taxes for the year	\$ (207,963)	\$ (2,555,667)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated tax expense (recovery)	(56,000)	(690,000)
Permanent difference	-	674,000
Impact of flow through shares	-	(26,925)
Change in prior year estimates	(69,000)	-
Tax benefit not realized	125,000	16,000
Total income tax expense (recovery)	<u>\$ -</u>	<u>\$ (26,925)</u>

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	<u>2022</u>	<u>2021</u>
Deferred Tax Assets		
Share issue costs	\$ 16,000	\$ 23,000
Non-capital losses available for future period	214,000	82,000
	230,000	105,000
Unrecognized deferred tax assets	(230,000)	(105,000)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are estimated to be as follows:

	<u>2022</u>	<u>Expiry Date</u>
Temporary Differences		
Share issue costs	\$ 57,000	2023 to 2025
Non-capital losses available for future period	\$ 783,000	2039 to 2042

12. Subsequent events

Subsequent to the year ended December 31, 2022,

- 4,440,000 warrants at an exercise price of \$0.20 expired unexercised;
- 100,000 stock options at an exercise price of \$0.10 expired unexercised; and
- 480,000 stock options at an exercise price of \$0.16 expired unexercised.