AMERICAN FUTURE FUEL CORPORATION

(FORMERLY: FUTURE FUEL CORPORATION)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2022 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AMERICAN FUTURE FUEL CORPORATION
(FORMERLY: FUTURE FUEL CORPORATION)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash		4,040,547	1,705,730
Amounts receivable		60,561	5,803
Prepaid expense and deposits		337,090	-
		4,438,198	1,711,533
Non-current assets			
Exploration and evaluation assets	5, 6	2,944,465	-
Prepaid expenses and deposits - long-term		-	331,085
Reclamation bond	5, 6	20,094	-
Total assets		7,402,757	2,042,618
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7, 8	187,381	181,592
			181,592
Non-current liabilities			
Asset retirement obligations	6	20,094	-
Total liabilities		207,475	181,592
Shareholders' Equity			
Share capital	9	10,325,403	2,165,001
Contributed surplus	9	90,000	-
Deficit		(3,220,121)	(303,975)
Total shareholders' equity		7,195,282	1,861,026
Total liabilities and shareholders' equity		7,402,757	2,042,618

Going concern (Note 1)

Approved and authorized for issuance on behalf of the Board on November 25, 2022:

"Luke Montaine"
Luke Montaine, Director

"Joel Shacker"
Joel Shacker, Director

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

AMERICAN FUTURE FUEL CORPORATION
(FORMERLY: FUTURE FUEL CORPORATION)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2022 $	Three months ended September 30, 2021 $	Nine months ended September 30, 2022 $	Period from incorporation (June 14, 2021) to September 30, 2021 $
Expenses					
Advertising and marketing		10,000	-	998,420	-
Consulting fees	8	124,456	-	423,456	-
Exploration expenditures		68,946	-	361,372	-
General and administrative		45,740	385	90,862	385
Professional fees		35,821	18,059	159,817	18,059
Transaction expense	5	235,601	-	774,837	-
Transfer agent and filing fees		53,127	-	107,275	-
Travel expenses		-	30,140	107	30,140
Total expenses		(573,691)	(48,584)	(2,916,146)	(48,584)
Net and comprehensive loss		(573,691)	(48,584)	(2,916,146)	(48,584)
Loss per share, basic and diluted		(0.01)	(48,584)	(0.05)	(48,584)
Weighted average number of shares outstanding		71,400,141	1	56,867,765	1

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

AMERICAN FUTURE FUEL CORPORATION

(FORMERLY: FUTURE FUEL CORPORATION)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Period from incorporation (June 14, 2021) to December 31, 2021
(Unaudited - Expressed in Canadian dollars)

	Share capital		Contributed Surplus	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$
Balance, June 14, 2021	1	1	-	-	1
Net loss for the period	-	-	-	(48,584)	(48,584)
Balance, September 30, 2021	-	1	-	(48,584)	(48,583)
Balance, December 31, 2021	43,733,001	2,165,001	-	(303,975)	1,861,026
Elimination of Elephant shares upon RTO	(43,733,001)	-	-	-	-
Shares issued to shareholders of Elephant upon RTO	43,733,001	-	-	-	-
Shares and warrants of AMPS on RTO	2,256,999	112,850	-	-	112,850
Finders' shares	2,000,000	100,000			100,000
Acquisition of Cibola Resources LLC	12,808,250	640,413	-	-	640,413
Concurrent financing upon RTO, net of issuance costs	10,314,060	4,791,500	90,000	-	4,881,500
Acquisition of 1344726 BC Ltd.	6,620,102	2,515,639	-	-	2,515,639
Net loss for the period	-	-	-	(2,916,146)	(2,916,146)
Balance, September 30, 2022	**77,732,412**	**10,325,403**	**90,000**	**(3,220,121)**	**7,195,282**

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

AMERICAN FUTURE FUEL CORPORATION
(FORMERLY: FUTURE FUEL CORPORATION)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)

	For the nine months ended September 30, 2022 $	Period from incorporation (June 14, 2021) to September 30, 2021 $
OPERATING ACTIVITIES		
Net loss for the period	(2,916,146)	(48,584)
Adjustments for items not involving cash:		
Transaction expense	774,837	-
Changes in non-cash working capital:		
Amounts receivable	(48,552)	(588)
Prepaid expense and deposits	(317,090)	-
Accounts payable and accrued liabilities	(278,321)	49,157
Net cash provided by (used in) operating activities	(3,000,444)	(15)
INVESTING ACTIVITIES		
Cash acquired on asset acquisitions	238,589	-
Net cash provided by investing activities	238,589	-
FINANCING ACTIVITIES		
Proceeds from private placement, net of issuance costs	4,881,500	1
Net cash provided by financing activities	4,881,500	1
Change in cash	2,334,817	(14)
Cash, beginning of period	1,705,730	-
Cash, end of period	4,040,547	(14)
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Fair value of shares issued as consideration for Cibola	640,413	-
Fair value of share issued as consideration for 1344726 BC Ltd.	2,280,038	-
Fair value of shares issued as consideration for RTO	112,850	-
Fair value of brokers' warrants issued for private placement	90,000	-
Fair value of administration fees issued for private placement	10,053	-

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

American Future Fuel Corporation (formerly: Future Fuel Corporation) ("AMPS" or the "Company") was incorporated on June 14, 2021 in the Province of British Columbia and is the parent company of Elephant Capital Corp. ("Elephant"). The Company's head office is located at 800 - 1199 West Hastings Street, Vancouver, BC, V6E 3T5. The Company's registered and records office address is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. Effective July 7, 2022, the Company changed its name from Future Fuel Corporation to Americana Future Fuel Corporation and trades under the trading symbol "AMPS" on the Canadian Securities Exchange ("CSE").

The Company's business is to acquire, explore, and develop interests in mining projects.

On May 24, 2022, the Company acquired all the issued and outstanding shares of Elephant by way of reverse takeover (the "Acquisition"). Pursuant to the Acquisition, Elephant became a wholly owned subsidiary of AMPS for legal purposes and the Company changed its name from Evolving Gold Corp. to Future Fuel Corporation, which was changed to American Future Fuel Corporation on July 7, 2022. Upon closing of the transaction, the shareholders of Elephant had control of the Company and as a result, the transaction is considered a reverse acquisition of AMPS by Elephant.

For accounting purposes, Elephant is considered the acquirer and AMPS the acquiree; therefore, the Company and these condensed interim consolidated financial statements are a continuation of the financial statements of Elephant. The net assets of AMPS at the date of the reverse acquisition are deemed to have been acquired by Elephant and these condensed interim consolidated financial statements include the results of operations of AMPS from the date of acquisition, May 24, 2022. See Note 5 for additional details.

On May 24, 2022, the Company completed the acquisition of Cibola Resources LLC, pursuant to the share purchase agreement effective August 27, 2021 with Encore Energy Corp. to attain rights to the Ceboletta Uranium Project, which comprises approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico. See Note 5 for additional details.

On September 27, 2022, the Company completed the acquisition of 1344726 B.C. Ltd., pursuant to the share purchase agreement effective September 23, 2022, where the wholly owned subsidiary 1344726 Nevada Ltd. Holds the rights to a series of four hundred (400) mineral claims located in Catron and McKinley Countries in the State of New Mexico, commonly known as the Red Basin Uranium Project. See Note 5 for more details.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. As at September 30, 2022, the Company has not achieved profitable operations, has an accumulated deficit of $3,220,121 since inception and expects to incur further losses in the development of its business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment, and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and the impact of these adjustments could be material. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim 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"), Interpretations issued by the International Financing Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 25, 2022.

b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary, except for Evolving Gold Corporation and Rattlesnake Mining Company (Wyoming) whose functional currency is the US dollar.

c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries at the end of the reporting period:

	Incorporated	Nature	Ownership September 30, 2022	Ownership December 31, 2021
1344726 B.C. Ltd.	Canada	Mineral Exploration	100%	Nil
Elephant Capital Corp.	Canada	Mineral Exploration	100%	Nil
Evolving Gold Corporation ("EVG US")	USA	Mineral exploration	100%	100%
Rattlesnake Mining Corporation	Canada	Mineral exploration	100%	100%
Rattlesnake Mining Company (Wyoming)	USA	Mineral exploration	100%	100%

These condensed interim consolidated financial statements are a continuation of the financial statements of Elephant. The net assets of AMPS at the date of the reverse acquisition are deemed to have been acquired by Elephant and these condensed interim consolidated financial statements include the results of operations of AMPS from the date of acquisition, May 24, 2022.

The results of the wholly owned subsidiary will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the period ended December 31, 2021. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant accounting judgments

Management has made critical judgments in the process of applying accounting policies. The judgments with the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The determination of the acquirer in the Acquisition of Elephant by AMPS requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded Elephant to be the acquirer, and its acquisition of all of the outstanding shares of AMPS has been determined to be an asset acquisition as AMPS does not meet the definition of a business under IFRS 3, *Business Combinations*. As a result, the transaction has been accounted for as a reverse takeover by Elephant of AMPS' net assets in accordance with the guidance under IFRS 2, *Share-based Payment*. The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. The determination of fair value of assets acquired, liabilities assumed, and the fair value of the purchase consideration requires the use of various estimates made by management. The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

(Unaudited - Expressed in Canadian dollars)

5. ACQUISITIONS

Reverse Takeover by Elephant Capital Corp.

As described in Note 1, on May 24, 2022, AMPS completed the acquisition of all issued and outstanding shares of Elephant pursuant to the share purchase agreement dated April 14, 2022. As a result of the transaction, the Company issued 2,256,999 common shares to AMPS shareholders. The Company also paid a finder’s fee of 2,000,000 common shares to third parties that introduced the transaction to the Company valued at $100,000 which is recognized in transaction expense in profit or loss.

The transaction constituted a reverse acquisition (“RTO”) of AMPS and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As AMPS did not qualify as a business according to the definition in IFRS 3, this reverse acquisition was accounted for as an asset acquisition by the issuance of shares and warrants of the Company for the net assets of AMPS.

The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of Elephant retained by the shareholders of AMPS based on the fair value of Elephant's common shares on the date of closing of the RTO at $0.05 per share. As a result of the transaction, the Company assumed 500,000 warrants, valued at $Nil. The warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 2.51%; Volatility of 100%; Stock Price of $0.50; Exercise price of $0.80; Dividend yield of NIL% and expected life of 0.72 years.

For accounting purposes, Elephant has been treated as the accounting parent company (legal subsidiary) and AMPS has been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Elephant was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these condensed interim consolidated financial statements at their historical carrying value. The results of operations of AMPS are included in these condensed interim consolidated financial statements from the date of the reverse acquisition of May 24, 2022.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition is based on management’s best estimate using the information currently available and may be revised by the Company as additional information is received and finalized.

Consideration paid:		
Fair value of 2,256,999 common shares at $0.05 per share	$	112,850
Fair value of 500,000 warrants assumed		-
	$	112,850
Net assets acquired (liabilities)		
Cash	$	6,089
Amounts receivable		6,206
Reclamation bonds		18,803
Accounts payable and accrued liabilities		(263,681)
Asset retirement obligation		(18,803)
Total net assets		(251,386)
Fair value of 2,000,000 common shares at $0.05 per share issued as finders’ fees		100,000
Transaction expense	$	464,236

(Unaudited - Expressed in Canadian dollars)

5. ACQUISITIONS (continued)

Acquisition of Cibola Resources LLC

In June 2021, the Company signed a letter of intent (“LOI”) with Encore Energy Corp. (“Encore”) to acquire an 100% interest in its subsidiary, Cibola Resources LLC (“Cibola”) to attain the rights to a lease of a mineral property comprising of approximately 6,700 acres of mineral rights and 5,700 acres of surface rights located in west-central New Mexico, commonly referred to as the “Ceboletta Uranium Project”. In August 2021, the Company entered into a share purchase agreement (the “SPA”) effective August 27, 2021, with Encore and its wholly-owned subsidiary, Neutron Energy, Inc. (the “Vendor”) to acquire an 100% interest in Cibola Resources LLC to attain rights to the Ceboletta Uranium Project.

On May 24, 2022, the Company completed the acquisition of all of the issued and outstanding share capital of Cibola. In consideration for all of the shares of Cibola, the Company issued consideration as follows:

a) US $250,000 cash; and
b) 11,308,250 common shares of the Company representing twenty percent (20%) of the outstanding share capital of the Company immediately prior to the completion of a going public transaction to list on a qualifying exchange.

At the date of acquisition, the Company determined that Cibola did not constitute a business as defined under IFRS 3, *Business Combinations*, and the Cibola acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company at a price of $0.05 per share.

The following table shows the finalized allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration paid:		
Cash	$	311,085
Fair value of 11,308,250 common shares at $0.05 per share		565,413
	$	876,498
Net assets acquired (liabilities)		
Exploration and evaluation asset	$	876,498
Total net assets		876,498
Fair value of 1,500,000 common shares at $0.05 per share issued as finders’ fees		75,000
Transaction expense	$	75,000

5. ACQUISITIONS (continued)

Acquisition of 1344726 B.C. Ltd

On September 27, 2022, the Company completed the acquisition of all issued and outstanding shares of 1344726 B.C. Ltd. (“134 BC"), pursuant to the share purchase agreement effective September 23, 2022, to attain the wholly owned subsidiary 1344726 Nevada Ltd. in order to acquire the rights to a series of four hundred (400) mineral claims located in Catron and McKinley Countries in the State of New Mexico, commonly known as the Red Basin Uranium Project. As a result of the transaction, the Company issued 6,000,100 common shares to 134 BC shareholders. The Company also issued 500,000 common shares to third parties that introduced the transaction to the Company valued at $190,000 and issued 120,002 common shares as administrative fees valued at $45,601.

At the date of acquisition, the Company determined that 134 BC did not constitute a business as defined under IFRS 3, *Business Combinations*, and the 134 BC acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based Payment*, and recognized at the fair value of the common shares of the Company at a price of $0.38 per share.

The following table shows the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration paid:		
Fair value of 6,000,100 common shares at $0.38 per share		2,280,038
	$	2,280,038
Net assets acquired (liabilities)		
Cash (in trust)	$	$232,500
Accrued liabilities		(20,429)
Exploration and evaluation asset		2,067,967
Total net assets		2,280,038
Fair value of 620,002 common shares at $0.38 per share issued as finders’ and administrative fees		235,601
Transaction expense	$	235,601

6. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds related to its former United States properties pending the release of funds as a result of property inspections by the appropriate regulators. The full repayment of the bonds may take up to three years, as the refund of the balance of the bond held is depending upon the regrowth of native flora. The Company may be required to engage in additional reclamation work to complete said regrowth.

The reclamation bonds balance and asset retirement obligations vary between reporting periods due to the effects of foreign exchange translation on amounts denominated in US dollars.

(Unaudited - Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022 $	December 31, 2021 $
Accounts payable	147,810	176,592
Accrued liabilities	39,571	5,000
	187,381	181,592

8. 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 directors (executive and non-executive) and officers of the Company.

These amounts of key management compensation are included in the amounts shown on the statement of loss and comprehensive loss:

	Nine months ended September 30, 2022 $	Period ended December 31, 2021 $
Management fees	90,000	-
Consulting fees	-	60,001
	90,000	**60,001**

As at September 30, 2022, the Company has outstanding amounts payable to officers and directors of the Company of $10,500 (December 31, 2021 - $62,501) for outstanding fees. The amounts due to related parties are for amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

During the period ended September 30, 2022

On September 27, 2022, the Company completed the acquisition of 1344726 B.C. Ltd., whereby the Company acquired all the issued and outstanding common shares of 1344726 B.C. Ltd. by issuing 6,000,100 common shares. The Company also issued 500,000 common shares as finder's fees and 120,002 common shares as administrative service fees. See Note 5 for details.

On May 24, 2022, a reverse acquisition transaction was completed whereby the Company acquired all the issued and outstanding common shares of Elephant and issued 43,733,001 common shares of the Company to the shareholders of Elephant in exchange for 43,733,001 former Elephant shares. At the reverse acquisition date, AMPS shareholders held 2,256,999 common shares of the Company, which were valued at $112,850 as part of the consideration for the Acquisition. The Company also issued 2,000,000 common shares valued at $100,000 as finders' fees. See Note 5 for details.

(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL

b) Issued (continued)

During the period ended September 30, 2022 (continued)

On May 24, 2022, the Company completed a concurrent non-brokered private placement of 10,113,000 subscription receipts at a price of $0.50 per receipt for gross proceeds of $5,056,500. Each subscription receipt is comprised of one common share and one warrant, which have an exercise price of $1.25 and expire on March 7, 2026. The warrants have a fair value of $Nil based on the residual value method.

In connection with the private placement, the Company paid $175,000 in cash finders' fees and issued 350,000 agent warrants, which have an exercise price of $1.25 and expire on March 7, 2026, valued at $90,000. Additionally, the Company issued 201,060 common shares as administrative fees to third parties who assisted with facilitating the transaction, valued at $10,053.

On May 24, 2022, the Company issued 11,308,250 common shares to the shareholders of Cibola valued at $565,413. The Company also issued 1,500,000 valued at $75,000 as finders' fees.

During the period ended December 31, 2021

On October 13, 2021, the Company completed a non-brokered private placement for the issuance of 43,300,000 common shares at a price of $0.05 per share for gross proceeds of $2,165,000. In connection with the private placement, the Company issued 433,000 common shares as administrative fees to a third party who assisted with facilitating the transaction.

On June 14, 2021, the Company issued 1 common share valued at $1 upon incorporation.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	-	$ -	-	$ -
Assumed from AMPS	500,000	$ 0.80	-	$ -
Granted	10,113,000	$ 1.25	-	$ -
Outstanding, ending	10,613,000	$ 1.23	-	$ -

The following warrants were outstanding and exercisable as at September 30, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
February 9, 2023	0.36	$ 0.80	500,000
March 7, 2026	3.44	$ 1.25	10,113,000
	3.29	$ 1.23	10,513,000

(Unaudited - Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Warrants (continued)

The warrants assumed from AMPS were valued at $Nil using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 2.51%; Volatility of 100%; Stock Price of $0.50; Exercise price of $0.80; Dividend yield of NIL% and expected life of 0.72 years.

d) Agent Warrants

Agent warrant transactions and the number of agents warrants outstanding are summarized as follows:

	September 30, 2022		**December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	-	$ -	-	$ -
Granted	350,000	$ 1.25	-	$ -
Outstanding, ending	350,000	$ 1.25	-	$ -

The following agent warrants were outstanding and exercisable as at September 30, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
March 7, 2026	3.44	$ 1.25	350,000
	3.44	$ 1.25	350,000

The fair value of warrants issued was calculated using the following weighted average assumptions:

	Nine months ended September 30, 2022	**Year ended December 31, 2021**
Expected life (years)	4	N/A
Risk-free interest rate	2.58%	N/A
Annualized volatility*	100%	N/A
Stock price at issue date	$0.50	N/A
Exercise price	$1.25	N/A
Weighted average issue date fair value	$0.26	N/A

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price.

10. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its mineral properties; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash. The Company is not subject to any externally imposed capital requirements.

There was no change to the Company's management of capital during the period ended September 30, 2022.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The fair value of financial instruments, which include cash and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and its receivables. The Company's cash is held at a large Canadian financial institution. The accounts receivable primarily consist of refundable government goods and services tax.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at September 30, 2022, the Company has a working capital of $4,230,723.

Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at September 30, 2022. Interest rate risk is minimal as promissory notes have a fixed interest rate.

(ii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.