



OPTIMUM VENTURES LTD.

Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Optimum Ventures Ltd.

Opinion

We have audited the consolidated financial statements of Optimum Ventures Ltd. (the "Company") which comprise the consolidated statement of financial position as at June 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' Responsibilities for the Audit of the Consolidated financial statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

October 26, 2022

Optimum Ventures Ltd.

Consolidated Statements of Financial Position

June 30, 2022 and 2021

(Stated in Canadian Dollars)

	Note	2022	2021
ASSETS			
Current assets			
Cash		\$ 3,593,249	\$ 3,155,234
Receivables		28,489	2,199
BC Mining Exploration tax credit receivable	5	26,678	-
Prepaid expenses		44,683	20,437
		<u>3,693,099</u>	<u>3,177,870</u>
Non-current assets			
Reclamation bonds		9,077	7,977
Lease deposit		11,774	-
Right-of-use asset	7	180,053	-
Exploration advances	6	619,206	-
Exploration and evaluation assets	5, 6	833,290	601,533
		<u>1,653,400</u>	<u>609,510</u>
		<u>\$ 5,346,499</u>	<u>\$ 3,787,380</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 101,425	\$ 59,215
Due to related parties	6	34,125	63,000
Lease liability	7	133,229	-
Flow-through premium liability	8	286,935	-
		<u>555,714</u>	<u>122,215</u>
Non-current liability			
Lease liability	7	51,331	-
TOTAL LIABILITIES		<u>607,045</u>	<u>122,215</u>
EQUITY			
Share capital	8	6,906,311	4,194,880
Contributed surplus		949,181	177,040
Deficit		(3,116,038)	(706,755)
		<u>4,739,454</u>	<u>3,665,165</u>
		<u>\$ 5,346,499</u>	<u>\$ 3,787,380</u>

Corporate Information – Note 1

Going Concern – Note 2

Commitments – Notes 5 and 8

Approved on behalf of the Board on October 26, 2022:

“Tyler Ross”

Tyler Ross, CEO and Director

“Edward Kruchkowski”

Edward Kruchkowski, CFO and Director

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

Optimum Ventures Ltd.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

	Note	2022	2021
Expenses			
Accounting and audit		\$ 34,850	\$ 29,000
Amortization of right-of-use asset	7	90,027	-
Consulting		79,000	-
Filing fees		45,275	9,788
Lease interest	7	17,082	-
Legal		85,730	5,101
Management fees	6	135,000	30,000
Office and miscellaneous		22,705	4,481
Office rent	6	4,000	12,000
Share-based payments	6, 8	806,181	-
Shareholder communications		122,195	-
Transfer agent		21,919	17,148
		(1,463,964)	(107,518)
Other items			
Rental income		79,750	-
Other income – flow-through premium	8	14,665	-
Write-off of exploration and evaluation assets	5	(1,039,734)	-
Net loss and comprehensive loss		\$ (2,409,283)	\$ (107,518)
Loss per share – basic and diluted		\$ (0.065)	\$ (0.005)
Weighted average number of shares outstanding		37,032,753	22,094,669

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

Optimum Ventures Ltd.

Consolidated Statements of Changes in Equity

For the years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance, June 30, 2021	33,443,191	\$ 4,194,880	\$ 177,040	\$ (706,755)	\$ 3,665,165
Shares issued for cash – Note 8					
- Private placement	4,640,000	2,018,400	-	-	2,018,400
- Less: share issue costs	-	(11,600)	-	-	(11,600)
- Exercise of agent's options	425,500	63,825	-	-	63,825
- Exercise of warrants	200,000	70,000	-	-	70,000
Reclassification on exercise of agent's options – Note 8	-	34,040	(34,040)	-	-
Shares issued for exploration and evaluation assets – Notes 5 and 8	1,179,706	536,766	-	-	536,766
Share-based payments	-	-	806,181	-	806,181
Net loss and comprehensive loss	-	-	-	(2,409,283)	(2,409,283)
Balance, June 30, 2022	39,888,397	\$ 6,906,311	\$ 949,181	\$ (3,116,038)	\$ 4,739,454

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance, June 30, 2020	21,905,000	\$ 1,226,885	\$ 177,040	\$ (599,237)	\$ 804,688
Shares issued for cash – Note 8					
- Private placement	11,538,191	2,999,930	-	-	2,999,930
- Less: share issue costs	-	(31,935)	-	-	(31,935)
Net loss and comprehensive loss	-	-	-	(107,518)	(107,518)
Balance, June 30, 2021	33,443,191	\$ 4,194,880	\$ 177,040	\$ (706,755)	\$ 3,665,165

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

Optimum Ventures Ltd.

Consolidated Statements of Cash Flows

For the years ended June 30, 2022 and 2021

(Stated in Canadian Dollars)

	2022	2021
Operating Activities		
Net loss	\$ (2,409,283)	\$ (107,518)
Adjustments for non-cash items:		
Amortization of right-of-use asset	90,027	-
Lease interest	17,082	-
Share-based payments	806,181	-
Other income – flow-through premium	(14,665)	-
Write-off of exploration and evaluation assets	1,039,734	-
Changes in non-cash working capital balances:		
Receivables	(26,290)	(1,400)
Prepaid expenses	(24,246)	(17,837)
Accounts payable and accrued liabilities	42,210	40,604
Due to related parties	(28,875)	31,500
	(508,125)	(54,651)
Financing Activities		
Issuance of common shares, net of share issue costs	2,140,625	2,967,995
Flow-through premium	301,600	-
Lease deposit	(11,774)	-
Lease payments	(102,602)	-
	2,327,849	2,967,995
Investing Activities		
Reclamation bonds	(1,100)	(7,977)
Expenditures on exploration and evaluation assets	(761,403)	(159,371)
Exploration advances	(619,206)	-
	(1,381,709)	(167,348)
Change in cash	438,015	2,745,996
Cash, beginning	3,155,234	409,238
Cash, ending	\$ 3,593,249	\$ 3,155,234
Supplemental Information		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

Non-cash Transactions - Note 11

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

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

1. Corporate Information

Optimum Ventures Ltd. (the “Company”) was incorporated on November 23, 2017 under the laws of the Province of British Columbia, Canada. The Company incorporated a State of Alaska subsidiary, Hyder Ventures Ltd. on February 8, 2019. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada and in the State of Alaska, USA.

The Company’s head office is located at Suite 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

The Company’s common shares trade on the TSX Venture Exchange under the symbol “OPV”.

2. Basis of Preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue on October 26, 2022 by the directors of the Company.

Basis of Measurement

These consolidated financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

2. Basis of Preparation (cont'd)

Going Concern

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies and financial markets, leading to a global economic downturn. Management has implemented safeguards and protocols recommended by the relevant health authorities to protect its workers and continues to monitor the situation.

At June 30, 2022, the Company has not generated revenue from operations, has an accumulated deficit of \$3,116,038 (2021: \$706,755) and expects to incur further losses in the exploration and evaluation of its mineral properties. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to generate revenues and cash flows from profitable operations in the future.

The 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 as a going concern.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entity. All inter-company balances and transactions have been eliminated on consolidation. Details of its controlled entity are as follows:

Name of subsidiary	Country of Incorporation	Percentage ownership	Functional Currency
Hyder Ventures Ltd.	USA	100%	CAD

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies

These consolidated financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or at a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Exploration and Evaluation Assets

Pre-exploration Costs

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

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

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 the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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 "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Government tax credits are recorded as a reduction of the cumulative costs incurred and capitalized on the related mineral property.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Impairment of Non-Financial Assets

The carrying amounts of the Company's assets (which include equipment and exploration and evaluation assets) are 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. Impairment of mineral property exploration interests is generally considered to have occurred if one of the following factors is present: the right to explore has expired or is near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale. 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 the consolidated statement of comprehensive 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 years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Provisions

Rehabilitation Provisions

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites. The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At June 30, 2022 and 2021, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of Financial Assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified at amortized cost.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Income Taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Flow-through Shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred flow-through premium").

The Company may, from time to time, issue flow-through shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date to the extent that a premium exists. The equity portion is measured at the market value and the residual premium is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the "premium" the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate). Simultaneously the Company will debit the liability set up on issuing the flow-through share with the corresponding credit to deferred tax expense.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Flow-through Shares (cont'd)

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

Share Capital

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

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding for the period.

Diluted loss per share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

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

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (the ROU), the Company assesses whether the contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights, the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and whether the Company has the right to direct the use of the asset.

The Company applies the exemption not to recognize right-of-use assets and lease liabilities for leases relating to low-value assets and leases whose term ends within 12 months of the date of initial application. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and re-measured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Future Accounting Pronouncements

The Company has not identified any new accounting pronouncements that are likely to have a material impact on its consolidated financial statements in future years.

New Accounting Standards and Interpretations

There were no recently adopted accounting standards with a material impact to the consolidated financial statements during the year ended June 30, 2022.

Optimum Ventures Ltd.

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4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of Deferred Tax Assets

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

Going Concern

The Company uses judgement in its 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.

Optimum Ventures Ltd.

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5. Exploration and Evaluation Assets

Premier South Property

Riverside Option

By an option assignment agreement dated December 8, 2017, the Company had the right to acquire a 100% interest in the Riverside claims which consisted of 8 patented mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire the 100% interest was as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 22, 2018 (paid);
- a further US\$30,000 on or before September 22, 2019 (paid);
- a further US\$40,000 on or before September 22, 2020 (paid); and
- a further US\$50,000 on or before September 22, 2021 (paid).

Cumulative Exploration Expenditures:

- US\$10,000 on or before September 22, 2018 (incurred);
- a further US\$30,000 on or before September 22, 2019 (incurred);
- a further US\$40,000 on or before September 22, 2020 (incurred); and
- a further US\$50,000 on or before September 22, 2021 (incurred).

Any exploration expenditures in excess of the minimum annual exploration expenditures would be carried over to the following year's commitment.

At any time after September 22, 2018 but before September 22, 2022, the Company could purchase the Riverside claims outright for US\$500,000 provided that all the cash payments and exploration expenditures set out above have been made to the latest anniversary date.

The Riverside claims were subject to a 2% net smelter returns royalty. The Company had the right, at any time, to purchase one-half of the royalty for US\$500,000.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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5. Exploration and Evaluation Assets (cont'd)

Premier South Property (cont'd)

Mineral Basin Option

By an option assignment agreement dated December 8, 2017, the Company had the right to acquire up to a 100% interest in the Mineral Basin claims which consisted of 4 federally located mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire an initial 51% the interest was as follows:

Cash Payments:

- US\$10,000 on execution of the agreement (paid);
- a further US\$20,000 on or before September 25, 2018 (paid);
- a further US\$20,000 on or before September 25, 2019 (paid);
- a further US\$20,000 on or before September 25, 2020 (paid);
- a further US\$20,000 on or before September 25, 2021 (paid); and
- a further US\$200,000 on or before September 25, 2022.

Cumulative Exploration Expenditures:

- US\$30,000 on or before September 25, 2018 (incurred);
- a further US\$50,000 on or before September 25, 2019 (incurred);
- a further US\$70,000 on or before September 25, 2020 (incurred);
- a further US\$100,000 on or before September 25, 2021 (incurred); and
- a further US\$200,000 on or before September 25, 2022.

Any exploration expenditures in excess of the minimum annual exploration expenditures would be carried over to the following year's commitment.

Upon earning a 51% interest in the Mineral Basin claims, the Company had the right to purchase the remaining 49% interest for US\$500,000 at any time on or before September 25, 2023.

The Mineral Basin claims were subject to a 2% net smelter returns royalty. The Company had the right, at any time, to purchase one-half of the royalty for US\$500,000.

During the year ended June 30, 2020, the Company acquired 23 additional mineral claims in the State of Alaska, USA to expand the area around the Riverside and Mineral Basin claims. The Company made a cash payment of \$18,000 for the additional claims.

At June 30, 2022, the Company had determined that no further exploration work was warranted on the Premier South Property. Consequently, on August 24, 2022, the Company provided the vendors of the Riverside and Mineral Basin claims with notice that it would not be proceeding with the option agreements. The accumulated property acquisition costs and deferred exploration costs which totalled \$1,039,734 were written-off effective June 30, 2022.

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5. Exploration and Evaluation Assets (cont'd)

Harry Property

On September 13, 2021, the Company entered into an option agreement to acquire an 80% interest in the Harry Property. The Harry Property consists of three contiguous mineral claims covering 1,333 hectares and is located in the Skeena Mining Division of British Columbia. Consideration to acquire the 80% interest in the Harry Property is as follows:

Cumulative Exploration Expenditures:

- \$500,000 on or before September 13, 2022 (“the Year 1 expenditures”);
- a further \$1,000,000 on or before September 13, 2023 (“the Year 2 expenditures”);
- a further \$1,500,000 on or before September 13, 2024 (“the Year 3 expenditures”);
- a further \$2,000,000 on or before September 13, 2025 (“the Year 4 expenditures”);
- a further \$4,000,000 on or before September 13, 2026 (“the Year 5 expenditures”).

All exploration expenditures are on a “make or pay” basis, meaning the Company shall either make the required expenditures, or pay the Optionor in cash for any shortfall within 30 days of the period during which the expenditures were required.

Cash Payments:

- \$50,000 on TSX Venture Exchange approval of the agreement (paid);
- a further \$75,000 on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred (subsequently paid);
- a further \$100,000 on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further \$150,000 on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further \$400,000 on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further \$725,000 on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

Harry Property (cont'd)

Share Issuances:

- 200,000 common shares on TSX Venture Exchange approval of the agreement (issued at a fair value of \$91,000);
- a further 300,000 common shares on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred (subsequently issued at a fair value of \$100,500);
- a further 300,000 common shares on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further 700,000 common shares on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further 1,000,000 common shares on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further 1,500,000 common shares on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

Upon exercise of the option by the Company, the parties will enter into an agreement for the operation of the Harry Property with the Company being the operator. The Company will grant the Optionor a 2% net smelter return royalty.

Concurrent with the entry into the option agreement for the Harry Property, the Company entered into a quitclaim agreement with another public company pursuant to which the other public company agreed to terminate its option agreement on the Harry Property in consideration for a payment of \$27,000 (paid) and the issuance of 750,000 common shares of the Company (issued at a fair value of \$341,250).

In connection with both of the above agreements, the Company issued 229,706 common shares at a fair value of \$104,516 as a finder's fee for the option to acquire an 80% interest in the Harry Property.

Optimum Ventures Ltd.

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5. Exploration and Evaluation Assets (cont'd)

Acquisition, exploration and evaluation costs incurred on the Company's mineral properties to June 30, 2022 and 2021 are as follows:

	Premier South	Harry	Total
At June 30, 2020	\$ 442,162	\$ -	\$ 442,162
Property acquisition costs - cash	79,170	-	79,170
Deferred exploration costs - assays	23,486	-	23,486
Deferred exploration costs - claim maintenance fees	9,434	-	9,434
Deferred exploration costs - equipment rental - Note 6	19,474	-	19,474
Deferred exploration costs - geological	3,550	-	3,550
Deferred exploration costs - labour	24,192	-	24,192
Deferred exploration costs - travel and field	65	-	65
	159,371	-	159,371
At June 30, 2021	601,533	-	601,533
Property acquisition costs - cash	90,475	77,000	167,475
Property acquisition costs - shares – Note 8	-	536,766	536,766
Deferred exploration costs - assays	11,974	38,718	50,692
Deferred exploration costs - claim maintenance fees	4,892	-	4,892
Deferred exploration costs - equipment rental - Note 6	106,795	59,941	166,736
Deferred exploration costs - geological - Note 6	11,955	46,475	58,430
Deferred exploration costs - labour	106,873	-	106,873
Deferred exploration costs - road construction - Note 6	12,500	12,500	25,000
Deferred exploration costs - travel and field	92,737	88,568	181,305
Deferred exploration costs - BCMETC	-	(26,678)	(26,678)
	438,201	833,290	1,271,491
Write-off of exploration and evaluation assets	(1,039,734)	-	(1,039,734)
At June 30, 2022	\$ -	\$ 833,290	\$ 833,290

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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6. Related Party Transactions and Key Management Compensation

The Company incurred the following charges by directors of the Company and by companies with directors in common with the Company during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred exploration costs – equipment rental	\$ 132,112	\$ 18,645
Deferred exploration costs – geological	24,000	-
Deferred exploration costs – road construction	25,000	-
Management fees	135,000	30,000
Rent	4,000	12,000
Share-based payments	<u>438,562</u>	<u>-</u>
	<u>\$ 758,674</u>	<u>\$ 60,645</u>

Key management personnel consist of the directors and officers of the Company. During the years ended June 30, 2022 and 2021, the Company incurred the following key management compensation charges:

	<u>2022</u>	<u>2021</u>
Deferred exploration costs – equipment rental	\$ 132,112	\$ 18,645
Deferred exploration costs – geological	24,000	-
Deferred exploration costs – road construction	25,000	-
Management fees	135,000	30,000
Share-based payments	<u>438,562</u>	<u>-</u>
	<u>\$ 754,674</u>	<u>\$ 48,645</u>

At June 30, 2022, exploration advances includes \$590,000 (2021: \$Nil) paid to companies with directors in common with the Company for an exploration program on the Harry Property that commenced subsequent to June 30, 2022.

At June 30, 2022, due to related parties includes \$34,125 (2021: \$63,000) due to companies with directors in common with the Company for management fees and office rent.

Amounts due from/to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

Optimum Ventures Ltd.

Notes to the Consolidated Financial Statements

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7. Right-of-Use Asset and Lease Liability

On November 1, 2021, the Company recorded a right-of-use asset and a corresponding lease liability related to a two-year lease on its office premises. Under IFRS 16, the lease liability was measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate. The incremental borrowing rate applied to the lease liability was 10%. The associated lease liability recognized was \$270,080.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following tables summarize the difference between operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized in the consolidated statement of financial position:

Right-of-Use Asset

Value of right-of-use asset on November 1, 2021	\$	270,080
Amortization		(90,027)
Balance, June 30, 2022	\$	180,053

Lease liability

Value of right-of-use asset on November 1, 2021	\$	270,080
Lease payments		(102,602)
Lease interest		17,082
Balance, June 30, 2022	\$	184,560
Current portion	\$	133,229
Non-current portion		51,331
Balance, June 30, 2022	\$	184,560

At June 30, 2022, future payments required under the Company's office lease are as follows:

Year ended June 30, 2023	\$	150,323
Year ended June 30, 2024		50,552
Total	\$	200,875

Optimum Ventures Ltd.

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8. Share Capital

Authorized:

Unlimited common shares without par value

Issued:

At June 30, 2022, there were 39,888,397 (2021 - 33,443,191) common shares issued and outstanding.

Year ended June 30, 2022:

On November 12, 2021, the Company issued 1,179,706 common shares with a fair value of \$536,766 for finder's fees and property acquisition costs on the Harry Property (Note 5).

On December 7, 2021, the Company issued 425,500 common shares at \$0.15 per share for proceeds of \$63,825 pursuant to the exercise of agent's options. The Company reclassified \$34,040 from contributed surplus to share capital representing the fair value of the agent's options at issuance on December 20, 2019.

On December 13, 2021, the Company issued 4,640,000 common shares pursuant to a flow-through private placement at \$0.50 per share for gross proceeds of \$2,320,000. Filing fees of \$11,600 were paid with respect to this private placement. The Company recorded a flow-through premium liability of \$301,600. To June 30, 2022, the Company has recorded other income of \$14,665 related to the flow-through premium.

To June 30, 2022, the Company had incurred \$112,811 of eligible flow-through expenditures. The Company is required to incur an additional \$2,207,189 of flow-through expenditures by December 31, 2022.

During the year ended June 30, 2022, the Company issued 200,000 common shares pursuant to the exercise of 200,000 share purchase warrants for proceeds of \$70,000.

Year ended June 30, 2021:

On June 25, 2021, the Company issued 11,538,191 units at \$0.26 per unit for gross proceeds of \$2,999,930. Each unit consisted of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitled the holder to purchase an additional common share at \$0.35 until June 25, 2023. Legal fees of \$14,716 and filing fees of \$17,219 were paid with respect to this private placement.

Escrow:

Pursuant to an escrow agreement dated September 27, 2019, the directors of the Company agreed to deposit 11,000,000 common shares in escrow.

Under the terms of the escrow agreement, 10% of the escrowed securities were released from escrow on the listing date of the Company's common shares on the TSX Venture Exchange. The listing date was December 20, 2019. An additional 15% was scheduled to be released from escrow on the dates which were 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the listing date.

At June 30, 2022, there were 1,650,000 common shares held in escrow. These common shares will be released from escrow on December 20, 2022:

Optimum Ventures Ltd.

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8. Share Capital (cont'd)

Stock Options:

The Company's stock option plan was approved by the Company's board of directors on June 1, 2019. Pursuant to the stock option plan, the board of directors may grant to directors, officers, employees and consultants incentive stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Stock options will be exercisable for a period of up to 10 years from the date of grant. Under the stock option plan, options are required to have an exercise price not less than the closing market price of the Company's common shares prevailing on the day that the option is granted less any applicable discount permitted by the policies of the TSX Venture Exchange.

On January 24, 2022, the Company granted 2,500,000 stock options to directors and consultants. The options entitle the holders to purchase one common share for each option held at \$0.50 per share until January 25, 2027. The options vest one-third on the date of grant, one-third after six months and one-third after twelve months.

The fair value of the stock options that vested during the year ended June 30, 2022 was \$806,181. The fair value of the options was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

Risk-free interest rate	1.500%
Expected life of options	5 years
Annualized volatility	144.5%
Dividend rate	0%

A summary of stock option activity for the years ended June 30, 2022 and 2021 is as follows:

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	1,100,000	\$ 0.15	1,100,000	\$ 0.15
Options granted	2,500,000	0.50	-	-
Options outstanding, ending	3,600,000	\$ 0.39	1,100,000	\$ 0.15
Options exercisable, ending	1,933,333	\$ 0.30	1,100,000	\$ 0.15

Optimum Ventures Ltd.

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8. Share Capital (cont'd)**Stock Options: (cont'd)**

At June 30, 2022, there were 3,600,000 stock options outstanding entitling the holders the right to purchase one common share for each option held as follows:

Number of Options Outstanding	Exercise Price	Expiry Date
2,500,000	\$0.50	January 24, 2027
1,100,000	\$0.15	December 20, 2029
<u>3,600,000</u>		

At June 30, 2022, the weighted average remaining contractual life of the outstanding options was 5.46 years.

Share Purchase Warrants:

A summary of share purchase warrant activity for the years ended June 30, 2022 and 2021 is as follows:

	2022		2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	5,769,095	\$ 0.35	-	-
Warrants issued	-	-	5,769,095	\$ 0.35
Warrants exercised	(200,000)	\$ 0.35	-	-
Warrants outstanding, ending	5,569,095	\$ 0.35	5,769,095	\$ 0.35

At June 30, 2022, there were 5,569,095 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at \$0.35 until June 25, 2023.

At June 30, 2022, the weighted average remaining contractual life of the outstanding warrants was 0.98 years.

Agent's Options:

A summary of agent option activity for the years ended June 30, 2022 and 2021 is as follows:

	2022		2021	
	Number of agent options	Weighted average exercise price	Number of agent options	Weighted average exercise price
Agent options outstanding, beginning	425,500	\$ 0.15	425,500	\$ 0.15
Agent options exercised	(425,500)	0.15	-	-
Agent options outstanding, ending	-	-	425,500	\$ 0.15

Optimum Ventures Ltd.

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9. Financial Instruments and Risk Management

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

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.

The Company's financial instruments consist of cash, accounts payable and due to related parties. Cash is classified as FVTPL and accounts payable and due to related parties are classified as financial liabilities at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and amounts due to related parties are all current and due within 90 days of the balance sheet date.

Currency Risk

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk.

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10. Income Taxes

The difference between income tax expense for the years ended June 30, 2022 and 2021 and the expected income taxes based on the statutory tax rate arises as follows:

	<u>2022</u>	<u>2021</u>
Net loss before income taxes	<u>\$ (2,409,283)</u>	<u>\$ (107,518)</u>
Tax recovery at the statutory rate of 27%	\$ (650,500)	\$ (29,000)
Permanent differences and other	209,200	20,000
Changes in unrecognized deferred tax assets	<u>441,300</u>	<u>9,000</u>
	<u>\$ -</u>	<u>\$ -</u>

As at June 30, 2022 and 2021, no deferred tax assets have been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable income will allow the deferred tax assets to be recovered:

	<u>2022</u>	<u>2021</u>
Non-capital losses	\$ 362,500	\$ 195,000
Capital assets	24,300	-
Exploration and evaluation assets	197,600	(36,000)
Share issuance costs	5,900	(10,000)
Unrecognized deferred tax assets	<u>(590,300)</u>	<u>(149,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2022, the Company had accumulated non-capital losses of approximately \$1,342,800 that are available to carry forward and offset future years' income. These non-capital losses begin to expire in 2038.

At June 30, 2022, the Company had foreign resource deduction tax pools of approximately \$1,565,300 that are available to carry forward indefinitely.

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11. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the year ended June 30, 2022, the following non-cash transactions were excluded from the statements of cash flows:

- The Company issued 1,179,706 common shares with a fair value of \$536,766 for finder's fees and property acquisition costs on the Harry Property.
- The Company reclassified \$34,040 from contributed surplus to share capital on the exercise of 425,500 agent's options.
- The Company accrued a BC Mining Exploration tax credit receivable of \$26,678.
- The Company recorded a right-of-use asset and a corresponding lease liability of \$270,080 representing the present value of future lease payments due on its office lease.

12. Segmented Information

Operating segment

The Company operates in a single reportable operating segment which is the acquisition, exploration and evaluation of mineral properties.

Geographic segments

The Company's non-current assets are in the following countries:

	June 30, 2022		
	Canada	USA	Total
Reclamation bond	\$ 1,100	\$ 7,977	\$ 9,077
Lease deposit	11,774	-	11,774
Right-of-use asset	180,053	-	180,053
Exploration advances	619,206	-	619,206
Exploration and evaluation assets	833,290	-	833,290
	\$ 1,645,423	\$ 7,977	\$ 1,653,400

	June 30, 2021		
	Canada	USA	Total
Reclamation bond	\$ -	\$ 7,977	\$ 7,977
Exploration and evaluation assets	-	601,533	601,533
	\$ -	\$ 609,510	\$ 609,510

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13. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earnings and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages its capital structure and adjusts 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 issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. To maximize development efforts, the Company does not pay out dividends.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements.