



Cleghorn Minerals Ltd.

Financial Statements
Years ended on March 31, 2023 and 2022

FINANCIAL STATEMENTS

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Independent Auditor's Report

Raymond Chabot
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To the Shareholders of
Cleghorn Minerals Ltd.

Opinion

We have audited the financial statements of Cleghorn Minerals Ltd. (hereafter "the Company"), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of loss and comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the "Material uncertainty related to going concern" section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in management's discussion and analysis report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained management's discussion and analysis report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alain Lemaire.

Raymond Chabot Grant Thornton LLP

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Val-d'Or
July 12, 2023

¹ CPA auditor, public accountancy permit no. A109964

Cleghorn Minerals Ltd.

Statements of Financial Position

As at March 31, 2023 and 2022 and April 1st, 2021

(in Canadian dollars)

		March 31, 2023	March 31, 2022 (Adjusted – note 16)	April 1 st , 2021 (Adjusted – note 16)
	Notes	\$	\$	\$
ASSETS				
Current assets				
Cash		26,243	122,614	228,297
Sales taxes receivable		2,645	2,591	2,843
Prepaid expenses		8,715	8,204	7,659
TOTAL ASSETS		37,603	133,409	238,799
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		3,687	-	271
TOTAL LIABILITIES		3,687	-	271
EQUITY				
Share capital	6	2,337,682	2,337,682	2,337,682
Contributed surplus	7	610,601	511,018	267,787
Warrants	6	-	26,383	269,614
Deficit		(2,914,367)	(2,741,674)	(2,636,555)
TOTAL EQUITY		33,916	133,409	238,528
TOTAL LIABILITIES AND EQUITY		37,603	133,409	238,799
Nature of operations and going concern	1			
Subsequent event	15			

These financial statements were approved and authorized for issue by the Board of Directors on July 12, 2023.

Signed: “Glenn J. Mullan” Director

Signed: “Joseph Groia” Director

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

Cleghorn Minerals Ltd.

Statements of Loss and Comprehensive Loss

For the years ended on March 31, 2023 and 2022

(in Canadian dollars)

		March 31, 2023	March 31, 2022 (Adjusted – note 16)
	Notes	\$	\$
General and administrative expenses			
Accounting fees		30,000	30,000
Audit fees		15,600	22,360
Legal fees		14,953	15,876
Regulatory and transfer agent fees		16,611	16,967
Office expenses and other		20,999	19,061
Shareholder's information		1,330	855
Stock-based compensation		73,200	-
		172,693	105,119
Net loss and comprehensive loss		(172,693)	(105,119)
Basic and diluted net loss per common share	2	(0.006)	(0.004)
Weighted average number of common shares outstanding (basic and diluted)		29,408,618	29,408,618

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

Cleghorn Minerals Ltd.

Statements of Changes in Equity

For the years ended on March 31, 2023 and 2022

(in Canadian dollars)

	Notes	Share capital Number	\$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance on April 1st, 2021 – as previously reported		29,408,618	2,337,682	269,614	267,787	(1,532,761)	1,342,322
Cumulative effect – exploration and evaluation assets accounting policy change	16	-	-	-	-	(1,103,794)	(1,103,794)
Balance – April 1st, 2021 – as adjusted		29,408,618	2,337,682	269,614	267,787	(2,636,555)	238,528
Expired warrants	6	-	-	(243,231)	243,231	-	-
Net loss and comprehensive loss		-	-	-	-	(105,119)	(105,119)
Balance – March 31, 2022 – as adjusted		29,408,618	2,337,682	26,383	511,018	(2,741,674)	133,409
Balance on April 1st, 2022 – as previously reported		29,408,618	2,337,682	26,383	511,018	(1,637,880)	1,237,203
Cumulative effect – exploration and evaluation assets accounting policy change	16	-	-	-	-	(1,103,794)	(1,103,794)
Balance – March 31, 2022 – as adjusted		29,408,618	2,337,682	26,383	511,018	(2,741,674)	133,409
Expired warrants	6	-	-	(26,383)	26,383	-	-
Stock-based compensation	7	-	-	-	73,200	-	73,200
Net loss and comprehensive loss		-	-	-	-	(172,693)	(172,693)
Balance – March 31, 2023		29,408,618	2,337,682	-	610,601	(2,914,367)	33,916

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

Cleghorn Minerals Ltd.

Statements of Cash Flows

For the years ended on March 31, 2023 and 2022

(in Canadian dollars)

		March 31, 2023	March 31, 2022 (Adjusted – note 16)
	Notes	\$	\$
Operating activities			
Net loss for the year		(172,693)	(105,119)
Items not affecting cash			
Stock-based compensation	7	73,200	-
		(99,493)	(105,119)
Change in non-cash working capital items			
Sales taxes receivable		(54)	252
Prepaid expenses		(511)	(545)
Accounts payable and accrued liabilities		3,687	(271)
		3,122	(564)
Net cash related to operating activities and decrease in cash during the year		(96,371)	(105,683)
Cash – Beginning of year		122,614	228,297
Cash – End of year		26,243	122,614

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

Cleghorn Minerals Ltd.

Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

1 Nature of operations

Cleghorn Minerals Ltd., incorporated on February 16, 2010 under the Business Corporations Act of British Columbia (the "Company") is involved in the process of exploring, evaluating and promoting its mineral property and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-D'Or, Quebec, J9P 0B9.

The Company's shares, which are listed on the TSX Venture Exchange ("TSX-V"), are trading under the symbol "CZZ".

2 Going concern uncertainty

These financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. During the year ended March 31, 2023, the Company incurred a net loss and comprehensive loss of \$172,693 (2022 – \$105,119) and has an accumulated deficit of \$2,914,367 (2022 – \$2,741,674). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly.

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, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet the Company's obligations, budgeted expenditures and commitments through March 31, 2024. Based on the extent of the Company's current stage and anticipated plan, the Company will need to raise additional financing within the next 3-6 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company. On May 18, 2023, the Company closed a private placement for gross proceeds of \$110,000.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

Cleghorn Minerals Ltd.

Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

3 New accounting policies

Amendment to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the *International Accounting Standards Board* ("IASB") amended IAS 1, *Presentation of Financial Statements*, to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. Taking into account a deferral issued by the IASB, the amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The adoption of these amendments had no impact on the financial statements.

Amendments to IAS 12 – Income Taxes

On January 1, 2023, the Company adopted the amendments to IAS 12, *Income Taxes* which specify how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The adoption of these amendments had no impact on the financial statements.

4 Basis of presentation and significant accounting policies

Statement of Compliance

These financial statements have been prepared in accordance with *International Financial Reporting Standards* ("IFRS") as issued by the IASB. The Company has consistently applied the same accounting policies throughout all the periods presented in these financial statements, except for the change in accounting policy disclosed in Note 16.

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

Cleghorn Minerals Ltd.

Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. The Company's prospect is located in Canada.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, which occurs when it is either discharged, cancelled or expired.

The classification of financial instrument under IFRS 9, *Financial Instruments* is based on the Company's business model and the characteristics of the contractual cash flow of the financial asset of liability.

Financial Assets

Financial assets are recognized initially at fair value plus transaction costs, except for financial assets carried at fair value through net income or loss ("FVTPL"), which are measured initially at fair value. On initial recognition, the Company classifies its financial assets in the following measurement categories:

Amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective rate method. The update is omitted if its effect is not significant. The Company's cash is measured at amortized cost as it meets the required criteria.

All income and expenses relating to financial assets are presented in Interest expense or Interest income in profit or loss.

In the period presented, the Company does not have any financial assets recognized as FVTPL or FVTOCI.

Financial liabilities

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial instruments are measured at amortized cost using the effective interest rate method. The Company's accounts payable and accrued liabilities are measured at amortized cost.

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Notes to Financial Statements

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(in Canadian dollars)

Tax credit receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation (“E&E”) expenses

E&E expenses, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluating the technical feasibility of extracting a mineral resource, are expensed as incurred until the property reaches the development stage.

The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized according to the unit-of-production method based upon estimated proven and probable reserves.

Mineral properties under development are the costs incurred subsequent to the establishment of the technical feasibility and commercial viability of the extraction of resources from a particular mineral property. Capitalized costs, including mineral property acquisition costs and certain mine development and construction costs, are not depreciated until the related mining property has reached a level of operating capacity predetermined by management, a level often referred to as “commercial production.”

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Equity

Share capital represents the amount received on the issue of shares. If shares are issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement. If units are issued in return for mining property, the shares issued are recorded at the fair value according to the day of the conclusion of the agreement and the warrants are valued at the fair value according to Black-Scholes valuation model.

Equity financing

The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued in the private placements is

Cleghorn Minerals Ltd.

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(in Canadian dollars)

determined by the closing quoted bid price at the date of issuance. The balance, if any, is allocated to the attached warrants.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised and charges related to warrants expired.

Warrants includes fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital.

Deficit includes all current and prior period retained profits and losses and issuance costs, net of any underlying income tax benefit from these issuance costs.

Equity-settled share-based payments

The fair value, at the grant date, of equity-settled share-based awards (except equity-settled share-based payments to brokers) is recognized as an expense in profit or loss, depending on the nature of the payment, over the period for which the benefits of employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in Contributed surplus. The fair value of awards is calculated using the Black-Scholes valuation model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price

Share-based payment transactions with non-employees or share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Cleghorn Minerals Ltd.

Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Basic and diluted income (loss) per share

Basic income (loss) per share ("IPS"/"LPS") is calculated by dividing the net income (loss) for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted IPS/LPS is calculated by adjusting the weighted average number of shares outstanding for dilutive potential common shares. The Company's potentially dilutive common shares are comprised of stock options and warrants. The number of common shares included is computed using the treasury stock method unless they are anti-dilutive. Under this method, the proceeds from the exercise of such instruments are assumed to be used to purchase common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares and the difference between the number of common shares issued upon exercise and the number of common shares assumed to be purchased is included in the calculation.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and stock options (Note 6 and 7).

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Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

At March 31, 2023 and 2022, there is no provision in the statement of financial position.

5 Critical accounting estimates and judgments

Significant judgments and estimation uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. 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 the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

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Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

Fair value

Estimating fair value for stock options, warrants and finder's warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield. The fair value is evaluated using the Black-Scholes pricing model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of stock options, warrants and finder's warrants. The expected volatility is based on the volatility of similar listed companies, over the period of the expected life which is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

6 Share capital

Authorized

Unlimited number of voting common shares without par value.

Warrants

The following table shows the changes in warrants:

	March 31, 2023		March 31, 2022	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding – Beginning of year	6,450,000	0.10	12,631,674	0.11
Expired	(6,450,000)	0.10	(6,181,674)	0.13
Outstanding and exercisable – End of year	-	-	6,450,000	0.10

Cleghorn Minerals Ltd.

Notes to Financial Statements

March 31, 2023 and 2022

(in Canadian dollars)

7 Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") pursuant to which it has granted options to purchase common shares to directors, officers and technical consultants. The options will be exercisable at the price set by the Company's Board of Directors and for a period of up to ten years from the date of grant, provided that the number of common shares reserved for issuance under the Share Option Plan does not exceed ten percent (10%) of the issued and outstanding common shares of the Company on the date of grant, provided that the option exercise price is not to be lower than permitted under the policies of the TSX-V.

The following table shows the changes in stock options:

	March 31, 2023		March 31, 2022	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
Outstanding – Beginning of year	1,590,861	0.09	1,590,861	0.09
Issued	1,220,000	0.10	-	-
Outstanding and exercisable – End of year	2,810,861	0.09	1,590,861	0.09

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following assumptions:

	March 31, 2023
Price at the grant date	\$0.07
Exercise price	\$0.10
Expected dividend	-
Expected volatility	128%
Risk-free interest rate	3.58%
Expected life	5 years
Fair value per stock option	\$0.06

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the options. No special feature inherent to the options granted were incorporated into measurement of fair value.

An expense for stock-based compensation of \$73,200 was recognized in the statement of loss and comprehensive loss during the year ended March 31, 2023 (2022– nil).

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The number of outstanding and exercisable stock options that could be exercised for an equal number of common shares is as follows:

Expiry date	Exercise price \$	Number outstanding
September 6, 2024	0.06	370,861
September 4, 2025	0.10	1,220,000
September 9, 2027	0.10	1,220,000
		2,810,861

8 Exploration and evaluation expenses

Meech Lake Matachewan Prospect

The Company owns a 100% interest in the Meech Lake Matachewan Prospect which consists of four (4) mining claims situated in the Argyle, McNeil and Robertson Townships, approximately 25 km Northwest of Matachewan, in Northeastern Ontario within the Abitibi Greenstone Belt. Following the MLAS claim to cell conversion process completed by Ontario's Ministry of Northern Development and Mines (MNDM), the four (4) original legacy claims were converted to 41 cells (36 single cells and 5 boundary cells), covering a total area of 833.6 hectares.

The Company also owned a 100% interest in 142 mineral claims known as the Sprague and Odie prospects. In January 2023, the mineral claims expired, and the Company decided not to proceed with the renewal of these mineral claims.

Three (3) of the original mining claims are subject to a 3% NSR on metals or minerals (iron, titanium, vanadium, gold, silver, copper, zinc and any and all other minerals or elements) produced from the property. The Company shall be entitled to repurchase 0.5% of the NSR, leaving the vendor with a 2.5% NSR, by paying to the vendor \$1,000,000 and an additional 1%, leaving the vendor with a 1.5% NSR, by paying the vendor an additional \$3,000,000.

As part of a funding and royalty agreement signed with Ontario Exploration Corporation, the Company granted a 0.5% NSR on its Meech Lake Matachewan Prospect.

The royalty agreement has a buyback clause which provides that the Company can purchase one-half of the 0.5% royalty for a dollar value that increases over time, ranging from a purchase price of \$15,000 before the second anniversary of the date of the agreement to a purchase price of \$250,000 from the 11th anniversary of the agreement and beyond.

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9 Income taxes

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	March 31, 2023	March 31, 2022 (Adjusted – note 16)
	\$	\$
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(26,366)	(27,857)
Change in unrecognized temporary differences	26,366	27,857
Total deferred tax expense (income)	-	-
Total income tax expense (income)	-	-

Relationship between expected tax expense (income) and accounting profit or loss

The relationship between the expected tax expense (income) based on the combined income tax rate in Canada and the reported tax expense (income) in the statement of income (loss) and comprehensive income (loss) can be reconciled as follows:

	March 31, 2023	March 31, 2022 (Adjusted – note 16)
	\$	\$
Loss before income taxes	(172,693)	(105,119)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.50% (26.50% in 2022)	(45,764)	(27,857)
Stock-based compensation	19,398	-
Change in unrecognized temporary differences	26,366	27,857
Deferred income tax expense (income)	-	-

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Unrecognized deferred tax assets

The Company has the following temporary differences for which no deferred tax has been recognized:

	March 31, 2023		March 31, 2022 (Adjusted – note 16)	
	Federal	Provincial	Federal	Provincial
	\$	\$	\$	\$
Issuance costs	5,228	5,228	9,533	9,533
Exploration and evaluation assets	836,571	1,227,109	836,570	1,227,108
Other assets	917	917	917	917
Non-capital losses	1,396,605	1,395,822	1,292,808	1,292,025
	2,239,321	2,629,076	2,139,828	2,529,583

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At March 31, 2023, deferred tax assets totalling \$638,242 (2022 – \$611,876) have not been recognized.

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
	\$	\$
2030	18,622	18,622
2031	30,608	30,608
2032	90,143	90,143
2033	155,720	155,621
2034	81,112	81,112
2035	103,025	103,025
2036	116,271	116,086
2037	109,424	109,375
2038	119,940	119,940
2039	108,320	108,156
2040	119,962	119,676
2041	130,238	130,238
2042	109,423	109,423
2043	103,797	103,797
	1,396,605	1,395,822

The Company has investment tax credit carryovers of \$14,535 (2022 – \$14,535) that expire in 2033 and 2034, which are available to reduce income taxes payable in future years.

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March 31, 2023 and 2022

(in Canadian dollars)

10 Financial assets and liabilities

	March 31, 2023		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets at amortized cost				
Cash	26,243	26,243	122,614	122,614
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	3,687	3,687	-	-

The carrying value of cash and accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

11 Capital management policies and procedures

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 6 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

12 Financial instrument risks

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

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Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash amounted to \$26,243 (2022 – \$122,614). The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations.

Accounts payable and accrued liabilities are due within less than 30 days. The Company's existing cash resources significantly exceed the current cash outflow requirements.

13 Related parties

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Key management personnel are the Company's members of the Board of Directors and officers.

Transactions with key management personnel

During the year ended March 31, 2023, the Company incurred fees of \$30,000 (2022 – \$30,000) with the CFO. These fees are recorded under accounting fees.

14 Commitment

The Company entered into a consulting agreement with an indefinite term which will call for a monthly payment of \$2,500.

15 Subsequent event

On May 18, 2023, the Company closed a non-brokered private placement by issuing 2,095,236 units at a per unit price of \$0.0525 for gross proceeds of \$110,000, each unit consisting of one common share in the capital of the Company and one non-transferable common share purchase warrant, each warrant entitling the holder to purchase one common share in the capital of the Company at a price of \$0.07 per share until May 18, 2025.

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16 Change in accounting policy

The Company had historically capitalized expenses on E&E activities after they had reached a certain stage in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*.

During the year ended March 31, 2023, the Company adopted a voluntary change in accounting policy with respect to E&E expenses. The Company's new policy is to expense E&E expenses in the statement of loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors' approval.

This change has been implemented for all E&E activities. The Company has determined that this voluntary change in accounting policy will provide more relevant financial information and meaningful disclosure while bringing the Company in line with its peers with a similar accounting approach.

In accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the changes in accounting policies have been made retrospectively and the comparatives have been adjusted accordingly to all periods presented, as if the policy had always been applied.

The following tables summarize the impact of the change in accounting policy on affected line items within the Company's financial statements:

A) Adjustment of statements of financial position

	As previously reported	Impact	As at April 1 st , 2021 Adjusted
	\$	\$	\$
ASSETS			
Exploration and evaluation assets	1,103,794	(1,103,794)	-
TOTAL ASSETS	1,342,593	(1,103,794)	238,799
EQUITY			
Deficit	(1,532,761)	(1,103,794)	(2,636,555)
TOTAL EQUITY	1,342,322	(1,103,794)	238,528
TOTAL LIABILITIES AND EQUITY	1,342,593	(1,103,794)	238,799

Cleghorn Minerals Ltd.

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March 31, 2023 and 2022

(in Canadian dollars)

		As at March 31, 2022	
	As previously reported	Impact	Adjusted
	\$	\$	\$
ASSETS			
Exploration and evaluation assets	1,103,794	(1,103,794)	-
TOTAL ASSETS	1,237,203	(1,103,794)	133,409
EQUITY			
Deficit	(1,637,880)	(1,103,794)	(2,741,674)
TOTAL EQUITY	1,237,203	(1,103,794)	133,409
TOTAL LIABILITIES AND EQUITY	1,237,203	(1,103,794)	133,409

B) Adjustment of statements of loss and comprehensive loss and statements of cash flows

There is no changes to the statements of loss and comprehensive loss and statements of cash flow for the year ended March 31, 2022.

17 Change in accounting policy – Quarterly adjustments (unaudited supplementary information)

A) Adjustment of interim condensed statements of financial position

		As at June 30, 2022	
	As previously reported	Impact	Adjusted
	\$	\$	\$
ASSETS			
Exploration and evaluation assets	1,103,794	(1,103,794)	-
TOTAL ASSETS	1,218,728	(1,103,794)	114,934
EQUITY			
Deficit	(1,668,312)	(1,103,794)	(2,772,106)
TOTAL EQUITY	1,206,771	(1,103,794)	102,977
TOTAL LIABILITIES AND EQUITY	1,218,728	(1,103,794)	114,934

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		As at September 30, 2022	
	As previously reported	Impact	Adjusted
	\$	\$	\$
ASSETS			
Exploration and evaluation assets	1,103,794	(1,103,794)	-
TOTAL ASSETS	1,174,749	(1,103,794)	70,955
EQUITY			
Deficit	(1,773,612)	(1,103,794)	(2,877,406)
TOTAL EQUITY	1,174,671	(1,103,794)	70,877
TOTAL LIABILITIES AND EQUITY	1,174,749	(1,103,794)	70,955

		As at December 31, 2022	
	As previously reported	Impact	Adjusted
	\$	\$	\$
ASSETS			
Exploration and evaluation assets	1,103,794	(1,103,794)	-
TOTAL ASSETS	1,155,086	(1,103,794)	51,292
EQUITY			
Deficit	(1,793,197)	(1,103,794)	(2,896,991)
TOTAL EQUITY	1,155,086	(1,103,794)	51,292
TOTAL LIABILITIES AND EQUITY	1,155,086	(1,103,794)	51,292

B) Adjustment of interim condensed statements of loss and comprehensive loss and statements of cash flows

There is no changes to the interim condensed statements of loss and comprehensive loss and interim condensed statements of cash flows for the three-month period ended June 30, 2022, the six-month period ended September 30, 2022 and the nine-month period ended December 31, 2022.