

ST CHARLES RESOURCES INC.

FILING STATEMENT

CONCERNING THE QUALIFYING TRANSACTION
INVOLVING THE ACQUISITION BY ST CHARLES RESOURCES INC.
OF THE ISSUED AND OUTSTANDING SECURITIES OF EASTERN RESOURCES OOD

**All information contained in this Filing Statement with respect to
Eastern Resources OOD (“Eastern Resources”) was supplied
by Eastern Resources for inclusion herein.**

Dated as of February 23, 2023

*Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority
has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

TABLE OF CONTENTS

	Page
GLOSSARY OF TERMS.....	I
TECHNICAL INFORMATION.....	VIII
GLOSSARY OF TECHNICAL TERMS	VIII
EXCHANGE RATE AND CURRENCY.....	VIII
FORWARD-LOOKING STATEMENTS.....	IX
SUMMARY OF FILING STATEMENT.....	XI
PART I – INFORMATION CONCERNING THE BUSINESS COMBINATION	1
The Business Combination.....	1
The Business Combination Agreement.....	2
Escrow Restrictions.....	8
Directors and Management	8
PART II – INFORMATION CONCERNING ST CHARLES AND ST CHARLES UK SUBSIDIARY	8
Corporate Structure	8
General Development of the Business	9
Selected Consolidated Financial Information	9
Management’s Discussion and Analysis.....	9
Description of Securities	10
St Charles Option Plan	10
Prior Sales	12
Trading Price and Volume	12
Executive Compensation.....	12
Non-Arm’s Length Party Transactions	14
Legal Proceedings	14
Auditor, Transfer Agents And Registrars.....	14
Material Contracts.....	15
PART IV – INFORMATION CONCERNING EASTERN RESOURCES	16
Corporate Structure	16
Description of the Business.....	16
Kostilkovo Gold Property	19
Drilling method.....	30
Core logging and photography.....	30
Sample security	31
Sample preparation and analysis	31
Assay data verification	33
Sample representativity	36
Other factors.....	37

TABLE OF CONTENTS

(continued)

	Page
Kutel Gold Property	37
Low-sulphidation epithermal quartz-adularia-illite vein systems	43
Eastern Rhodope quartz-adularia-illite systems	43
Assay data verification	46
Management’s Discussion and Analysis	46
Selected Financial Information and Management’s Discussion and Analysis	46
Description of Securities	47
Consolidated Capitalization	47
Prior Sales	48
Market For Securities	48
Executive Compensation	48
Non-Arm’s Length Transactions	49
Legal Proceedings	49
Material Contracts	49
Auditor, Transfer Agent and Registrar	50
PART V – INFORMATION CONCERNING THE RESULTING ISSUER	50
Corporate Structure	50
Narrative Description of the Business	51
Stated Business Objectives and Milestones	51
Exploration and Development	52
Description of Securities	52
Pro Forma Consolidated Capitalization	52
Fully Diluted Share Capital	53
Available Funds	53
Principal Purposes of Funds	54
Dividends	54
Principal Securityholders	55
Directors, Officers and Management	55
Audit Committee	59
Corporate Governance	60
Executive Compensation	62
Director Compensation	63
Indebtedness of Directors, Executive Officers and Senior Officers	63
Investor Relations Arrangements	63
Incentive Securities	63
Escrowed and SSRR Securities	65

TABLE OF CONTENTS

(continued)

	Page
Auditors.....	68
Transfer Agent And Registrar	68
PART II – RISK FACTORS	68
Risk Factors Relating to the Business Combination	69
Risk Factors Relating to the Resulting Issuer.....	69
Risks Related to Mining Operations	77
PART VI – GENERAL MATTERS.....	80
Sponsorship Matters and Agent Relationship	80
Experts	80
Other Material Facts.....	81
Approval of the Directors.....	81
CERTIFICATE OF ST CHARLES RESOURCES INC	1
CERTIFICATE OF EASTERN RESOURCES OOD	A-1
Appendix A	A-1
Appendix B.....	B-1
Appendix C.....	C-1
Appendix D	D-1
Appendix E.....	E-1

GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the financial statements of St Charles, Eastern Resources and the Resulting Issuer in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“**Affiliate**” means a Company that is affiliated with another Company as described below.

- (a) A Company is an “Affiliate” of another Company if:
 - (i) one of them is the subsidiary of the other, or
 - (ii) each of them is controlled by the same Person.
- (b) A Company is “controlled” by a Person if:
 - (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
 - (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.
- (c) A Person beneficially owns securities that are beneficially owned by:
 - (i) a Company controlled by that Person, or
 - (ii) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

“**Applicable Laws**” means (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Entity having the force of law;

“**Arm’s Length Transaction**” means a transaction which is not a “related party transaction” (as defined in the Exchange Policies);

“**Associate**” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a Person, who is an individual:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person;but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a member firm, member corporation or holding company of a member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

“**BGN**” means Bulgarian Lev, the currency of the Republic of Bulgaria;

“**Business Combination**” means the acquisition by St Charles indirectly through the St Charles UK Subsidiary of Eastern Resources by way of the Share Exchange pursuant the terms and conditions set forth in the Business Combination Agreement;

“**Business Combination Agreement**” means the agreement dated January 31, 2023, between Eastern Resources, St Charles, St Charles UK Subsidiary and the Eastern Resources Shareholders, as may be amended from time to time, setting forth the terms pursuant to which Eastern Resources and St Charles will complete the Business Combination;

“**Closing**” or “**Closing Date**” means the closing of the Business Combination in accordance with the terms of the Business Combination Agreement, as amended from time to time;

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Completion of the Qualifying Transaction**” means the date the Final QT Exchange Bulletin is issued by the Exchange;

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**COVID-19**” means the 2019 novel coronavirus disease and any evolution, mutation or variation thereof;

“**CPC**” or “**Capital Pool Company**” means a corporation or trust:

- (a) that has filed an obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with Exchange Policy 2.4; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued;

“**Eastern Resources**” means Eastern Resources OOD, a company existing pursuant to the laws of Bulgaria, and to be acquired by St Charles as its Significant Assets pursuant to the Qualifying Transaction;

“**Eastern Resources Board**” means the board of directors of Eastern Resources from time to time;

“**Eastern Resources Conditions**” has the definition ascribed to such term as provided in “*Part I – Information Concerning the Business Combination – Conditions to the Business Combination – Additional Conditions to the Obligations of Eastern Resources and the Eastern Resources Shareholders*”;

“**Eastern Resources Shareholders**” means the holders of the Eastern Resources Shares;

“**Eastern Resources Shares**” means the issued and outstanding common shares in the capital of Eastern Resources;

“**Effective Date**” the date on which the Effective Time occurs;

“**Effective Time**” means the time of closing of the Share Exchange;

“**Escrow Agent**” means TSX Trust Company;

“**Escrowed Securities**” has the definition ascribed to such term as provided in “*Part V – Information Concerning the Resulting Issuer - Escrowed Securities - Value Escrow Securities*”;

“**Escrowed Securityholder**” has the definition ascribed to such term as provided in “*Part V – Information Concerning the Resulting Issuer - Escrowed Securities - Value Escrow Securities*”

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange Inc.;

“**Exchange Policies**” means the applicable rules, regulations, policies and forms of the Exchange;

“**Exchange Policy 2.2**” means Exchange Policy 2.2 - “*Sponsorship and Sponsorship Requirements*” of the Exchange’s Corporate Finance Manual;

“**Exchange Policy 2.4**” means Exchange Policy 2.4 - “*Capital Pool Companies*” of the Exchange’s Corporate Finance Manual;

“**Exchange Policy 5.4**” means Exchange Policy 5.4 – “*Escrow, Vendor Consideration and Resale Restrictions*” of the Exchange;

“**Exchange Rate**” has the definition ascribed to such term as provided in “*Exchange Rate and Currency*”;

“**Filing Statement**” means this filing statement, together with all appendices attached hereto and including the summary hereof;

“**Final QT Exchange Bulletin**” means the bulletin issued by the Exchange following the Completion of the Qualifying Transaction and the submission of all required documentation that evidences the final Exchange acceptance of the Qualifying Transaction;

“**Governmental Entity**” means any government, parliament, legislature, regulatory authority (including any Securities Commission or stock exchange), governmental department, agency, commission, board, tribunal, crown corporation, court or other law, rule or regulation-making entity having jurisdiction or exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any federation or nation, or any province, territory, state or other subdivision thereof or any municipality, district or other subdivision thereof;

“**Kostilkovo Gold Property**” means the exploration license area, covering a 10km² low-sulfidation epithermal system with additional exploration potential on a 66.18km² Chukata exploration license area, located approximately 270 kilometres south-east of Sofia, in the Municipality of Ivailovgrad within the Haskovo Region, Bulgaria;

“**Kostilkovo Gold Technical Report**” means a NI 43-101 compliant technical report for the Kostilkovo Gold Property;

“**Kutel Gold Property**” means the exploration license area, covering a 15km² low-sulfidation epithermal system with additional exploration potential on a 24.4km², located in the Eastern Rhodope exploration license area, approximately 150 km to the southeast of Sofia, in the Municipalities of Chepelare, Smolyan Region and Laki, Plovdiv Region, Bulgaria;

“**Kutel Gold Technical Report**” means a NI 43-101 compliant technical report for the Kutel Gold Property;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time;

“**IASB**” means the International Accounting Standards Board;

“**IFRIC**” means the International Financial Reporting Interpretations Committee;

“**IFRS**” means the International Financial Reporting Standards as issued by the IASB;

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a Company that is an Insider or Subsidiary of such issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of such issuer; or
- (d) such issuer itself if it holds any of its own securities;

“**Material Adverse Effect**” means, in respect of any entity, any one or more changes, events or occurrences which, either individually or in the aggregate, is material and adverse to the business, operations, results of operations, assets, capital, property, obligations (whether absolute, accrued, conditional or otherwise), liabilities or financial condition of that entity and its subsidiaries, if any, taken as a whole, or which prevent, materially delay or materially impede that entity from performing its respective obligations under the Business Combination Agreement or materially impede the consummation of the transactions contemplated by the Business Combination Agreement, other than any change, event or occurrence: (i) affecting the mining industry or commodity prices in general; (ii) in or relating to general political, economic, financial or capital market conditions (including any reduction in market indices); (iii) in or relating to IFRS or regulatory accounting requirements; (iv) in or relating to any change in Applicable Laws or any interpretation, application or non-application thereof by any Government Entity; (v) in or relating to general economic, business or regulatory conditions or in financial, credit, currency, securities or commodities markets globally or in any nation or subdivision thereof; (vi) relating to the commencement or continuation of any epidemic, pandemic (including COVID-19) or other outbreak of illness or public health event, including the escalation or worsening thereof, and including any measures introduced by any Governmental Entity to address such epidemic, pandemic or other outbreak or public health event; (vi) relating to or resulting from the execution, announcement or performance of the Business Combination Agreement or the consummation of the transactions contemplated herein, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Eastern Resources with any of its employees, suppliers or partners arising from such execution, announcement, performance or consummation; or (vii) any action taken by a party that is expressly required by the Business Combination Agreement or otherwise authorized in writing by the other party or parties to the Business Combination Agreement; provided, however, that such effect referred to in clause (i) to (iv) above does not have a disproportionate effect on that entity and its Subsidiaries (taken as a whole) compared to other companies of similar size operating in the same industry;

“**MD&A**” means the management’s discussion and analysis of the financial condition and results of operations of a Company;

“**Mutual Conditions**” has the definition ascribed to such term as provided in “*Part I – Information Concerning the Business Combination – Conditions to the Business Combination – Mutual Conditions*”;

“**Named Executive Officers**” or “**NEO**” means the following individuals:

- (a) each Chief Executive Officer;
- (b) each Chief Financial Officer
- (c) the most highly compensated executive officer, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of a Company, nor acting in a similar capacity, at the end of the most recently completed financial year;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* or any successor instrument(s);

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* or any successor instruments;

“**NI 58-101**” means National Instruction 58-101 – *Disclosure of Corporate Governance Practices* or any successor instruments;

“**Non-Arm’s Length Party**” means:

- (a) in relation to a Company:
 - (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any such Persons; or
 - (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company;
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, Insider or Control Person;

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators or any successor policy;

“**Option Expiry Time**” has the definition ascribed to such term as provided in “*Part V – Information Concerning the Resulting Issuer – Incentive Securities – Resulting Issuer Option Plan*”;

“**Optionees**” has the definition ascribed to such term as provided in “*Part V – Information Concerning the Resulting Issuer – Incentive Securities – Resulting Issuer Option Plan*”;

“**Outside Date**” means February 28, 2023 or such other date as Eastern Resources and St Charles may mutually agree;

“**Payment Ratio**” means 952,380 Payment Shares for each one (1) Eastern Resources Share held;

“**Payment Shares**” has the definition ascribed to such term as provided in “*Summary of Filing Statement – The Qualifying Transaction*”;

“**person**” means a company or individual;

“**Promoter**” means:

- (a) a person or company that, acting alone or in conjunction with one or more other persons, companies or a combination of them, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or
- (b) a person or company that, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property or both services and property, 10% or more of the issued securities of a class of securities of the issuer or 10% or more of the proceeds from the sale of a class of securities of a particular issue, but a person or company who receives the securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be considered a Promoter within the meaning of this definition where that person or company does not otherwise take part in founding, organizing or substantially reorganizing the business;

“Qualifying Transaction” means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means and, specifically in the case of St Charles, the Business Combination, the Share Exchange, and the election of the Resulting Issuer Board, and will constitute the “qualifying transaction” of St Charles pursuant to Exchange Policy 2.4;

“Registrar” means the Registrar of Companies under the OBCA;

“Resulting Issuer” means the issuer that was formerly a CPC, which exists upon issuance of the Final QT Exchange Bulletin;

“Resulting Issuer Board” means the contingent board of the Resulting Issuer, which shall be approved prior to closing of the Qualifying Transaction and which shall take effect as of the Effective Time and be comprised of James Crombie, Sean Hasson, Colin Jones, Laurie Marsland, Dr. Mihaela Barnes and a sixth director who may be appointed by Eastern Resources in its sole discretion;

“Resulting Issuer Escrow Agreements” means the Resulting Issuer Surplus Escrow Agreement together with the Resulting Issuer Value Escrow Agreement.

“Resulting Issuer Surplus Escrow Agreement” means the Exchange Form 5D Tier 2 Surplus Security Escrow Agreement to be entered into in connection with the Completion of the Qualifying Transaction among the Resulting Issuer, Escrow Agent and a security holder of the Resulting Issuer in compliance with the requirements of the Exchange, as more particularly described in this Filing Statement;

“Resulting Issuer Value Escrow Agreement” means the Exchange Form 5D Tier 2 Value Security Escrow Agreement to be entered into in connection with the Completion of the Qualifying Transaction among the Resulting Issuer, Escrow Agent and certain security holders of the Resulting Issuer in compliance with the requirements of the Exchange, as more particularly described in this Filing Statement;

“Resulting Issuer Option” means a stock option of the Resulting Issuer issued pursuant to the Resulting Issuer Option Plan;

“Resulting Issuer Option Plan” has the definition ascribed to such term as provided in *“Part V – Information Concerning the Resulting Issuer– Incentive Securities– Resulting Issuer Option Plan”*;

“Resulting Issuer Shareholders” means the holders of Resulting Issuer Shares;

“Resulting Issuer Shares” means, the issued and outstanding common shares in the capital of the Resulting Issuer after the completion of the Business Combination;

“Resulting Issuer Warrants” means the common share purchase warrants of the Resulting Issuer;

“RRIF” means a registered retirement income fund;

“RRSP” means a registered retirement savings plan;

“Securities Commissions” means, collectively, the British Columbia Securities Commission, the Alberta Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan and the Ontario Securities Commission;

“Securities Laws” means, collectively, the securities laws of the Provinces of British Columbia, Alberta, Saskatchewan and Ontario and the regulations and rules made and forms prescribed thereunder, together with all applicable multilateral or national instruments, published policy statements, blanket orders, rulings and notices of the Securities Commissions, and together with all policies, rules and regulations of the Exchange;

“Share Exchange” means the purchase by St Charles UK Subsidiary of all of the issued and outstanding Eastern Resources Shares in exchange for the Payment Shares;

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange;

“**Sponsor**” with respect to the Qualifying Transaction, refers to iA Capital Markets, a division of iA Private Wealth Inc., who has been engaged as a sponsor pursuant to Exchange Policy 2.2;

“**Sponsorship Agreement**” means the sponsorship agreement between St Charles, Eastern Resources and the Sponsor dated August 8, 2022;

“**St Charles**” means St Charles Resources Inc., a corporation existing under the OBCA;

“**St Charles Board**” means the board of directors of St Charles;

“**St Charles Conditions**” has the definition ascribed to such term as provided in “*Part I – Information Concerning the Business Combination – Conditions to the Business Combination– Additional Conditions to the Obligations of St Charles*”;

“**St Charles Escrow Agreement**” means the amended and restated Form 2F – CPC Escrow Agreement dated February 11, 2022 between St Charles, the Escrow Agent and certain securityholders of St Charles;

“**St Charles Escrow Securities**” mean the St Charles Shares held in escrow pursuant to the St Charles Escrow Agreement;

“**St Charles Option**” means a stock option of the St Charles issued pursuant to St Charles Option Plan;

“**St Charles Option Plan**” means the 10% rolling stock option plan of St Charles adopted by St Charles on August 16, 2021;

“**St Charles Optionees**” has the definition ascribed to such term as provided in “*Part II – Information Concerning - St Charles Option Plan*”;

“**St Charles Shareholders**” means the holders of the St Charles Shares;

“**St Charles Shares**” means the issued and outstanding common shares in the capital of St Charles;

“**St Charles UK Subsidiary**” means, Eastern Resources (UK) Ltd., a subsidiary of St Charles existing pursuant to the laws of the United Kingdom and incorporated for the purposes of acquiring the Significant Assets pursuant to the Qualifying Transaction;

“**Seed Shares**” has the definition ascribed to such term as provided in “*Part V – Information Concerning the Resulting Issuer – Escrowed Securities– Seed Share Resale Restrictions*”;

“**Securities Act**” means the *Securities Act* (Ontario) and the regulations thereunder, as amended from time to time;

“**Technical Reports**” means the Kostilkovo Gold Technical Report and the Kutel Gold Technical Report;

“**United States**” or “**U.S.**” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“**U.S. Person**” has the meaning ascribed to such term in Rule 902(k) or Regulation S under the U.S. Securities Act; and

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

TECHNICAL INFORMATION

Except where otherwise stated, the disclosure in this Filing Statement relating to the Kostilkovo Gold Property and the Kutel Gold Property is based on the Technical Reports prepared and published in accordance with NI 43-101.

The Kostilkovo Gold Property and the Kutel Gold Property are the only interests currently held by Eastern Resources and as such are material to Eastern Resources for the purposes of NI 43-101. Eastern Resources will continue to assess the materiality of its assets as new assets are acquired or move into production.

GLOSSARY OF TECHNICAL TERMS

“**Au**” means gold;

“**Ag**” means silver;

“**EA**” means an environmental assessment;

“**g/t**” means grams per tonne;

“**ha**” means hectares;

“**mineral tenures**” or “**claims**” means unpatented lode mining claims;

“**Mt**” means million tonnes;

“**My**” means million years;

Qualified Person

Mark Burnett, CGeol (UK), Euro. Geol (Europe) (not a Non-Arm’s Length Party) is a qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure relating to the Technical Reports contained in this Filing Statement.

Dr. Paul Greenhill, FAusIMM (CP) (not a Non-Arm’s Length Party) is a qualified person under NI 43-101, and has reviewed and approved the scientific and technical disclosure relating to the Kostilkovo Gold Project contained in this Filing Statement.

EXCHANGE RATE AND CURRENCY

This Filing Statement contains references to the Canadian dollar (“CAD”) and the Bulgarian lev (“BGN”). All references to “CAD” or “\$” herein, unless otherwise indicated, are to Canadian currency. Bulgarian lev are referred to as BGN.

On December 31, 2022 the daily exchange rate for CAD in terms of the BGN was \$1.00 = 0.74260 (the “**Exchange Rate**”).¹

¹ The rate is based on historical rates pulled from <https://www.exchangerates.org.uk/BGN-CAD-spot-exchange-rates-history-2022.html>.

FORWARD-LOOKING STATEMENTS

This Filing Statement contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Securities Laws (collectively, “**forward-looking statements**”). All statements, other than statements of historical fact, made by Eastern Resources and/or St Charles that address activities, events or developments that Eastern Resources and/or St Charles expect or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are often identified by words such as “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “seek”, “anticipate”, “believe”, “estimate”, “expect” or similar words and expressions. Examples of forward-looking statements include, among others, statements relating to information regarding: the intention to complete the Business Combination, including the Share Exchange, and appointment of the proposed directors and officers of the Resulting Issuer; the description of the Resulting Issuer that assumes Completion of the Qualifying Transaction; anticipated the business and operations of the Resulting Issuer; and with respect to the Resulting Issuer, statements pertaining to, without limitation, expected capital expenditures and the use of available funds, the availability of future capital, cost and timing of future exploration of the Kostilkovo Gold Property and the Kutel Gold Property, success of any such exploration activities, permitting requirements, requirements for additional capital, governmental regulation of mining operations, environmental risks and hazards, and title disputes or claims. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management’s current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of Eastern Resources and/or St Charles. Although Eastern Resources and St Charles believe that the expectations, estimates, and projections reflected in such forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements to differ materially from those suggested by the forward-looking statements. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. On this basis, readers are cautioned not to place undue reliance on such forward-looking statements.

Factors which could cause actual results to differ materially from those indicated in forward-looking statements include, without limitation, those listed in the “*Part II – Risk Factors*” section of this Filing Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this Filing Statement. The forward-looking statements contained in this Filing Statement have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond Eastern Resources and St Charles’ control, including, without limitation: exploration risks; limited operating history risks; additional financing risks; current global financial condition risks; market price risks; limited market for securities risks; commodity prices risks; risks related to the interpretation of exploration data; risk related to potential political, social and economic instability in Bulgaria; anti-corruption and bribery regulation; operating and insurance risks; environmental risks; land title risks; property commitments risks; dependence on properties risks; exploration and development risks; early stage development risks; exploitation of future development risks; third party reviews, reports and projections risks; government regulation risks; reliance on management risks; conflicts of interest risks; increasing competition risks; management growth risks; dividends risks; internal controls risks; liability to employees, contractors and consultants risks; disruption of business risks; public health crisis risks; currency rate risks; damage to reputation risks; substantial capital expenditures risks; availability of infrastructure risks; indigenous land title risks; permits and licensing risks; climate change risks; risks regarding Eastern Resources’ social license to operate; disruption from non-governmental organizations risks; health and safety risks; operating hazard risks; and other factors, many of which are beyond the control of Eastern Resources and St Charles.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this Filing Statement are made as of the date hereof and are presented for the purpose of assisting readers in understanding Eastern Resources and St Charles’ financial position and results of operations, as well as their objectives and strategic priorities, and may not be appropriate for other purposes. Eastern Resources and St Charles undertake no obligation to publicly update or revise any forward-looking statements or any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable Securities Laws. The forward-looking statements are expressly qualified by this cautionary statement.

Eastern Resources is a mineral exploration company, and its mineral resource properties are in the exploration stage only. The degree of risk increases substantially where an issuer's mineral resource properties are in the mineral exploration stage as opposed to the development or operational stage. An investment in common shares of mineral exploration companies is speculative and involves a high degree of risk and should only be made by investors who can afford the total loss of their investment. Prospective investors should consider the risk factors as set out under the heading "*Risk Factors*".

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to St Charles, Eastern Resources and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary. All information provided in this summary and in the Filing Statement is current as of February 23, 2023.

This Filing Statement has been prepared in accordance with Exchange Policy 2.4 and Exchange Form 3B2 - "Information Required in a Filing Statement for a Qualifying Transaction" in connection with the Qualifying Transaction.

Parties St Charles is a reporting issuer in the provinces of Ontario, British Columbia, Alberta and Saskatchewan, and the outstanding St Charles Shares are listed on the Exchange under the symbol "SCRS.P". For additional information about St Charles, please see "*Part II – Information Concerning St Charles*".

St Charles UK Subsidiary is a private company that was incorporated on January 13, 2023 pursuant to the laws of the United Kingdom, for the purposes of acquiring the Significant Assets pursuant to the Qualifying Transaction.

Eastern Resources is a private company that was incorporated on October 22, 2014 pursuant to the laws of Bulgaria. Eastern Resources is focused on the exploration of Kostilkovo Gold Property and the Kutel Gold Property for gold mineralization. For additional information about Eastern Resources, please see "*Part IV – Information Concerning Eastern Resources*".

The Qualifying Transaction On January 31, 2023, St Charles, St Charles UK Subsidiary, Eastern Resources and the Eastern Resources Shareholders entered into the Business Combination Agreement, which provides for the acquisition by St Charles UK Subsidiary of all the issued and outstanding securities of Eastern Resources. A copy of the Business Combination Agreement is available on SEDAR at www.sedar.com.

The purchase price payable by St Charles UK Subsidiary to the Eastern Resources Shareholders for their respective Eastern Resources Shares shall be deemed to be approximately \$95,238 per Eastern Resources Share so acquired, which shall be satisfied in full by the issuance by St Charles to the Eastern Resources Shareholders of 952,380 Resulting Issuer Shares for each 1 Eastern Resources Share, for an aggregate of 33,333,300 Resulting Issuer Shares (the "**Payment Shares**"), representing approximately 54.92% of the Resulting Issuer Shares on a non-diluted basis.

The Business Combination Agreement incorporates the principal terms for the Business Combination and provides the basis upon which the parties will affect the Business Combination in compliance with Exchange requirements.

See "*Part I – Information Concerning the Business Combination*".

Principal Purposes Following the Completion of the Qualifying Transaction, the Resulting Issuer intends to use its available funds for general working capital purposes and future exploration activities on mineral properties, primary exploration activities on the Kostilkovo Gold Property and the Kutel Gold Property as recommended in the Technical Reports.

Interests of Insiders, Promoters or Control Persons Except as disclosed herein, no Insider, Promoter or Control Person of St Charles and no Associate or Affiliate of the same, has any interest in the Qualifying Transaction, other than those which arise from the holding of St Charles Shares.

Securityholder Approval St Charles will not be obtaining securityholder approval in relation to the Qualifying Transaction. Approval from the Eastern Resources Shareholders will be required to effect the Share Exchange.

Directors and Officers of the Resulting Issuer Immediately prior to Completion of the Qualifying Transaction, it is anticipated that all of the current officers and directors of St Charles will resign from their respective positions with St Charles, other than James Crombie, who will continue to act as a Executive Chairman and Director of the Resulting Issuer. It is currently anticipated that the following individuals will be appointed officers and directors of the Resulting Issuer:

Officers:

- James Crombie, Executive Chairman;
- Sean Hasson, President and Chief Executive Officer; and
- Jeff Pennock, Chief Financial Officer and Corporate Secretary.

Directors:

- James Crombie (Non-Independent);
- Sean Hasson (Non-Independent);
- Colin Jones (Independent);
- Laurie Marsland (Independent);
- Dr. Mihaela Barnes (Independent); and
- Vanessa Cook (Independent).

See “*Information Concerning the Resulting Issuer – Directors, Officers and Management*”.

It is anticipated that the number and percentage of Resulting Issuer Shares over which such new directors and officers, and the Associates and Affiliates of such new directors and officers, exercise control, will be as set forth below.

<u>Proposed Directors and Officers</u>	Number and Percentage of Resulting Issuer Shares prior to the Completion of the Qualifying Transaction⁽¹⁾	Number and Percentage of Resulting Issuer Shares upon Completion of the Qualifying Transaction⁽²⁾
James Crombie Executive Chairman and Non-Independent Director	1,500,000 5.48%	1,500,000 2.47%
Sean Hasson President, Chief Executive Officer and Non-Independent Director	Nil Nil%	9,523,800 ⁽³⁾ 15.69%
Jeff Pennock Chief Financial Officer	Nil Nil%	Nil Nil%
Colin Jones Independent Director	Nil Nil%	Nil Nil%

Laurie Marsland ⁽⁴⁾	Nil	Nil
Independent Director	Nil%	Nil%
Dr. Mihaela Barnes ⁽⁴⁾	Nil	Nil
Independent Director	Nil%	Nil%
Vanessa Cook ⁽⁴⁾	Nil	Nil
Independent Director	Nil%	Nil%

Notes:

- (1) Presented on a non-diluted basis based on 27,360,000 St Charles Shares issued and outstanding as of the date of this Filing Statement.
- (2) Presented on a non-diluted basis based on 60,693,300 Resulting Issuer Shares expected to be issued and outstanding after giving effect to the Transaction.
- (3) The Resulting Issuer Shares will be held by Seefin Capital OOD, a Bulgarian corporation which is wholly owned by Mr. Hasson and Mrs. Hasson and controlled by Mr. Hasson.
- (4) Proposed member of the Audit Committee (as defined below).

See “Part V – Information Concerning the Resulting Issuer – Directors, Officers and Management”.

Arm’s Length Transaction

The Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction under the policies of the Exchange.

Available Funds

After giving effect to the Qualifying Transaction, the estimated funds available to the Resulting Issuer will be as follows:

Source of Funds	Amount of Funds
Consolidated working capital of St Charles as of January 31, 2022	\$1,771,129
Consolidated working capital of Eastern Resources as of January 31, 2022 ⁽¹⁾	\$5,090 ⁽²⁾
Total Estimated Funds Available	\$1,776,219

Notes:

- (1) The consolidated working capital of Eastern Resources as of January 31, 2023, excludes amounts owed by Eastern Resources to Eastern Resources Shareholders in the amount of \$504,546 in consideration for certain services provided to Eastern Resources, which consideration is not payable until 2024. See “Part IV – Information Concerning Eastern Resources - Non-Arm’s Length Transactions”.
- (2) Converted from BGN to CAD pursuant to the Exchange Rate.

Principal Purposes of Funds

The following table sets forth the proposed use of the available funds by the Resulting Issuer upon Completion of the Qualifying Transaction, and for the 12 months thereafter, to achieve the Resulting Issuer’s business objectives, as disclosed in “Part V – Information Concerning the Resulting Issuer – Stated Business Objectives”.

Use of Available Funds	Amount (\$)⁽⁵⁾
Estimated general and administrative expenses over the 12 months following closing of the Qualifying Transaction ⁽¹⁾	\$491,596
Estimated costs to complete the Qualifying Transaction ⁽²⁾	\$100,000

Costs associated with Phase 1 of the Kostilkovo Gold Program ⁽³⁾	\$379,000
Costs associated with Phase 1 of the Kutel Gold Program ⁽⁴⁾	\$366,000
Unallocated working capital ⁽⁵⁾	\$439,623
Total	\$1,776,219

Notes:

- (1) General and administrative expenses include, but are not limited to, office expenses, insurance expenses, audit and accounting, legal fees, travel and accommodation and salaries. See “*Part V – Information Concerning the Resulting Issuer – Principal Purposes of Funds*”.
- (2) The estimated cost to Complete the Qualifying Transaction has been reduced from the \$250,000 amount stated in the pro-forma financial statements of the Resulting Issuer as at September 30, 2022 to \$100,000 to reflect costs incurred as at January 31, 2023, comprising of: (i) fees payable to the Sponsor; and (ii) expenses incurred on fees for audit and legal services.
- (3) The Resulting Issuer intends to spend \$379,000 on the Phase 1 Drill Program for the Kostilkovo Gold Property in the second half of the year following the Completion of the Qualifying Transaction.
- (4) The Resulting Issuer intends to spend \$366,000 on the Phase 1 Drill Program for the Kutel Gold Property in the immediate 6-months following the Completion of the Qualifying Transaction.
- (5) The Resulting Issuer plans to utilize the unallocated working capital as a cash reserve. The time period in which these funds will be used is currently uncertain and is subject to market conditions and the ability of the Resulting Issuer to complete additional financings. See “*Part V – Information Concerning the Resulting Issuer – Principal Purposes of Funds*”.
- (6) Converted from BGN to CAD pursuant to the Exchange Rate.

The Resulting Issuer will use the funds for general corporate, working capital purposes and future exploration activities on its mineral properties, and primary exploration activities relating to the Kutel Gold Property and the Kostilkovo Gold Property as recommended in the Technical Reports.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of St Charles and Eastern Resources consider it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. For additional information, see “*Part V – Information Concerning the Resulting Issuer – Principal Purposes of Funds*” and “*Part V – Information Concerning the Resulting Issuer – Narrative Description of the Business – Stated Business Objectives*”. Further, the above uses of available funds should be considered estimates. See “*Forward-Looking Statements*”.

Upon completion of the Qualifying Transaction, the Resulting Issuer is expected to have sufficient cash available to pay its operating and administrative costs for at least the next 12 months.

Dividends

St Charles has no restrictions on paying dividends. St Charles has no intention of paying any dividends in the near future.

Selected Pro Forma Consolidated Financial Information for the Resulting Issuer

The following table sets forth selected financial information for the Resulting Issuer as at September 30, 2022, on a pro forma basis, assuming Completion of the Qualifying Transaction. Such information is derived from the unaudited pro forma balance sheet of the Resulting Issuer as at September 30, 2022, which is attached hereto as Appendix E, and should be read in conjunction with such financial statements.

Total assets	\$2,511,986
Total liabilities	\$725,370
Working capital (excluding amounts due to shareholders)	\$1,961,972
Amounts due to shareholders	\$604,546

See Appendix E “*Pro Forma Financial Statements for the Resulting Issuer*”.

Trading Price

The St Charles Shares are listed on the Exchange under the trading symbol “SCRS.P”. The closing price of the St Charles Shares on September 1, 2022, being the last day the St Charles Shares traded on the Exchange before being halted, was \$0.08 per St Charles Share. See *Part II – Information Concerning St Charles – Trading Price and Volume*”.

There is currently no public market for the Eastern Resources Shares.

Sponsorship

Pursuant to the Sponsorship Agreement, the Sponsor has been engaged by St Charles and Eastern Resources to act as sponsor (as such term is defined in Exchange Policy 2.2) to the Qualifying Transaction.

The office of the Sponsor is located at 26 Wellington Street East, Suite 700, Toronto, Ontario, Canada M5E 1S2.

In connection with the completion of St Charles’ initial public offering and its role as agent to St Charles, the Sponsor received and currently holds 2,000,000 St Charles Options, exercisable into 2,000,000 St Charles Shares at a price of \$0.10 per St Charles Share, expiring on April 26, 2027.

Conflicts of Interest

The proposed directors and officers of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. The Resulting Issuer will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of the Resulting Issuer’s directors or officers. Any such conflicts are required to be disclosed by such directors or officers in accordance with the OBCA and the directors of the Resulting Issuer are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Certain proposed directors of the Resulting Issuer are, or may in the future be, directors, officers or shareholders of other companies that are, or may in the future be, engaged in the business of, or enter into transactions with, the Resulting Issuer. Such associations and transactions may give rise to conflicts of interest from time to time.

See “*Part V – Information Concerning the Resulting Issuer – Directors, Officers and Management*”.

Risk Factors Resulting Issuer Shares will be a high risk, speculative investment. St Charles at present has no business or assets, other than that which remains of the proceeds of the initial public offering. St Charles has no history of earnings, it has not paid any dividends and it is unlikely to pay any dividends in the immediate or foreseeable future.

St Charles is and will be subject to certain risk factors which should be carefully considered in connection with the review of the Business Combination. See “*Part II – Risk Factors – Risk Factors Relating to the Business Combination*” for a more detailed description of the risk factors.

Additionally, there are certain risks that the Resulting Issuer will face in its normal course of business following completion of the Business Combination, which include, but are not limited to, the following: (i) exploration risks; (ii) limited operating history risks; (iii) additional financing risks; (iv) current global financial condition risks; (v) market price risks; (vi) limited market for securities risks; (vii) commodity prices risks; (viii) risks related to the interpretation of exploration data; (ix) operating and insurance risks; (x) environmental risks; (xi) land title risks; (xii) property commitments risks; (xiii) dependence on properties risks; (xiv) exploration and development risks; (xv) early stage development risks; (xvi) exploitation of future development risks; (xvii) third party reviews, reports and projections risks; (xviii) government regulation risks; (xix) reliance on management risks; (xx) conflicts of interest risks; (xxi) increasing competition risks; (xxii) management growth risks; (xxiii) dividends risks; (xxiv) internal controls risks; (xxv) liability to employees, contractors and consultants risks; (xxvi) disruption of business risks; (xxvii) public health crisis risks; (xxviii) currency rate risks; (xxix) damage to reputation risks; (xxx) substantial capital expenditures risks; (xxxi) availability of infrastructure risks; (xxxii) risks regarding social license to operate; (xxxiii) permits and licensing risks; (xxxiv) climate change risks; (xxxv) disruption from non-governmental organizations risks; (xxxvi) health and safety risks; (xxxvii) operating hazard risks; (xxxviii) political, social and economic instability in Bulgaria; and (xxxx) anti-corruption and bribery regulation.

Conditional Approval The Exchange has conditionally accepted the Qualifying Transaction subject to St Charles fulfilling all of the requirements of the Exchange within 90 days from the date of conditional acceptance of the Qualifying Transaction. There can be no assurance that St Charles and Eastern Resources will be able to satisfy the requirements of the Exchange such that the Exchange will issue the Final QT Exchange Bulletin.

Interest of Experts Raymond Chabot Grant Thornton (Montreal, Canada) is the auditor of St Charles and Grant Thornton OOD (Sofia, Bulgaria) is the current auditor of Eastern Resources.

Except as disclosed herein, none of the foregoing persons or any of their respective directors, officers or employees beneficially own, directly or indirectly, any securities, nor do they have any interest in the property, of St Charles, Eastern Resources, the Resulting Issuer or any of their Associates or Affiliates.

PART I – INFORMATION CONCERNING THE BUSINESS COMBINATION

The following is a summary of the material terms of the Business Combination Agreement. This summary does not purport to be a complete summary of the Business Combination Agreement and is qualified in its entirety by reference to the full text of the Business Combination Agreement, a copy of which is available for review under St Charles' SEDAR profile at www.sedar.com.

On January 31, 2023, St Charles, St Charles UK Subsidiary, Eastern Resources and the Eastern Resources Shareholders entered into the Business Combination Agreement, which provides for the acquisition by St Charles indirectly through the St Charles UK Subsidiary of all the issued and outstanding securities of Eastern Resources. A copy of the Business Combination Agreement is available on SEDAR at www.sedar.com.

The purchase price payable by St Charles UK Subsidiary to the Eastern Resources Shareholders for their respective Eastern Resources Shares shall be deemed to be approximately \$95,238 per Eastern Resources Share so acquired, which shall be satisfied in full by the issuance by St Charles, on behalf of St Charles indirectly through the St Charles UK Subsidiary, to the Eastern Resources Shareholders of 952,380 Resulting Issuer Shares (the "**Payment Shares**") for each 1 Eastern Resources Share.

The Business Combination Agreement incorporates the principal terms for the Business Combination and provides the basis upon which the parties will affect the Business Combination in compliance with Exchange requirements.

See "*Part I – Information Concerning the Business Combination*".

The Business Combination

The parties to the Business Combination are St Charles, St Charles UK Subsidiary, Eastern Resources, and the Eastern Resources Shareholders. The Business Combination provides for the acquisition by St Charles UK Subsidiary of all the issued and outstanding securities of Eastern Resources, a private company existing pursuant to the laws of Bulgaria.

Pursuant to the terms of the Business Combination Agreement, St Charles UK Subsidiary has agreed to purchase all of the issued and outstanding securities of Eastern Resources from the Eastern Resources Shareholders in exchange for the issuance of 952,380 Payment Shares by St Charles for every one (1) Eastern Resources Share held by each Eastern Resources Shareholder. Eastern Resources Shareholders will receive, in the aggregate, 33,333,300 Resulting Issuer Shares, representing 54.92% of the issued and outstanding capital of the Resulting Issuer, on a non-diluted basis. The purchase price payable by St Charles, on behalf of St Charles UK Subsidiary, to the Eastern Resources Shareholders shall be deemed to equal approximately \$95,238 per Eastern Resources Share so acquired by St Charles UK Subsidiary, for an aggregate purchase price of \$3,333,330. The Business Combination is intended to constitute a Qualifying Transaction, such that upon completion, Eastern Resources will be indirectly held by the Resulting Issuer through St Charles UK Subsidiary.

It is intended that immediately following the completion of the foregoing steps, an aggregate of approximately 60,693,300 Resulting Issuer Shares will be issued and outstanding. Subject to approval by the Exchange, it is expected that the Resulting Issuer will be listed on the Exchange as a Tier 2 mining issuer.

The Business Combination is not a Non-Arm's Length Transaction as neither Eastern Resources or any of the Eastern Resources Shareholders are "related parties" (as defined in the Exchange Policies) to St Charles or its Affiliates and Associates, and St Charles is not a related party to either Eastern Resources or the Eastern Resources Shareholders or any of their Affiliates and Associates. The Qualifying Transaction, as currently anticipated, will not be subject to securityholder approval.

On February 17, 2023, the Exchange conditionally accepted the Qualifying Transaction subject to St Charles fulfilling all of the requirements of the Exchange within 90 days from the date of conditional acceptance of the Qualifying Transaction. There can be no assurance that St Charles and Eastern Resources will be able to satisfy the requirements of the Exchange such that the Exchange will issue the Final QT Exchange Bulletin.

Share Exchange

The Business Combination will be effected as follows:

- St Charles and St Charles UK Subsidiary will enter into a share purchase agreement pursuant to which St Charles will assume the obligation of St Charles UK Subsidiary to issue an aggregate of 33,333,300 Payment Shares to the Eastern Resources Shareholders in exchange for 33,333,300 ordinary shares of St Charles UK Subsidiary;
- Eastern Resources Shareholders, or their legal representatives, and St Charles UK Subsidiary will enter into a share transfer agreement pursuant to which the Eastern Resources Shareholders will agree to transfer all of the 35 issued and outstanding Eastern Resource Shares in exchange for the issuance of the 33,333,300 Payment Shares by St Charles on behalf of St Charles UK Subsidiary; and
- the Resulting Issuer will reconstitute its board of directors to give effect to the appointment of the Resulting Issuer Board.

The Business Combination Agreement

On January 31, 2023, St Charles, St Charles UK Subsidiary, Eastern Resources and Eastern Resources Shareholders entered into the Business Combination Agreement pursuant to which the foregoing parties intend to complete the Qualifying Transaction.

The Business Combination Agreement contains certain representations and warranties made by each of St Charles, St Charles UK Subsidiary, Eastern Resources and Eastern Resources Shareholders in respect of the assets, liabilities, capital, financial position and/or operations of St Charles, St Charles UK Subsidiary, Eastern Resources and each Eastern Resources Shareholder, respectively. In addition, each of St Charles, St Charles UK Subsidiary, Eastern Resources and Eastern Resources Shareholders provide covenants which govern the conduct of their operations and/or affairs prior to the Closing. The Business Combination Agreement contains a number of conditions precedent to the obligations of the parties thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Business Combination will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Covenants

St Charles and Eastern Resources have each given to the other the usual and customary covenants in respect of the Business Combination to:

- (a) use commercially reasonable efforts to satisfy the conditions precedent to the obligations under the Business Combination Agreement;
- (b) take all necessary corporate action and proceedings to complete and authorize the Qualifying Transaction;
- (c) not take any action that is inconsistent with the Business Combination Agreement or would reasonably be expected to significantly impede the Completion of the Qualifying Transaction;
- (d) conduct each business in the ordinary course, except as contemplated by the Business Combination Agreement, and to use commercially reasonable efforts to preserve St Charles' and Eastern Resources' assets, among other things; and
- (e) provide commercially reasonable assistance to make an application to the Exchange and to take such actions as are required to receive, in a timely manner, Exchange approval of the Qualifying Transaction.

Save and except as set out in the Business Combination Agreement, St Charles and Eastern Resources have agreed to bear their own costs in connection with the Business Combination.

Conditions to the Business Combination

Mutual Conditions

The respective obligations of St Charles, St Charles UK Subsidiary, Eastern Resources and Eastern Resources Shareholders to consummate the transactions contemplated by the Business Combination Agreement are subject to the satisfaction, on or before the Effective Date, or such other time specified, of certain conditions including, but not limited to, the following (collectively, the “**Mutual Conditions**”):

- (a) all necessary regulatory approvals shall have been obtained for the Completion of the Qualifying Transaction, including conditional approval from the Exchange with respect to the Business Combination and the listing of the Payment Shares;
- (b) there shall not exist any prohibition at law against, and there shall not be in force any order or decree restraining or enjoining, the Completion of the Qualifying Transaction;
- (c) there shall not be threatened in writing, instituted or pending any action or proceedings before any court or Governmental Entity: (i) challenging or seeking to make illegal, or to delay or otherwise directly or indirectly restrain or prohibit, the consummation of the transactions contemplated by the Business Combination Agreement or seeking to obtain material damages in connection with such transactions; (ii) seeking to prohibit direct or indirect ownership or operation by St Charles of all or a material portion of the business or assets of Eastern Resources, or to compel St Charles or Eastern Resources to dispose of or to hold separately all or a material portion of the business or assets of Eastern Resources, as a result of the transactions contemplated under the Business Combination Agreement; (iii) seeking to invalidate or render unenforceable any material provision of the Business Combination Agreement or any of the other agreements attached as exhibits to, or contemplated by, the Business Combination Agreement; or (iv) otherwise relating to and materially adversely affecting the Qualifying Transaction;
- (d) there shall not be any action taken, or any statute, rule, regulation, judgement, order or injunction proposed, enacted, entered, enforced, promulgated, issued or deemed applicable to the transactions contemplated hereby, by any federal, state or other court, government or Governmental Entity, that would reasonable be expected to result, directly or indirectly, in any of the consequences referred to in paragraph (c) above;
- (e) the distribution of Payment Shares pursuant to the Share Exchange shall be exempt from prospectus requirements under applicable Securities Laws either by virtue of exceptive relief from the securities regulatory authorities of each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario or by virtue of applicable exemptions under Securities Laws;
- (f) Eastern Resources and St Charles shall have provided to the other such audited and pro forma financial statements as required under the Business Combination Agreement; and
- (g) St Charles and St Charles UK Subsidiary shall have executed an agreement wherein: (i) St Charles agrees to make payment of the Payment Shares on behalf of St Charles UK Subsidiary; (ii) St Charles UK Subsidiary acknowledges the resulting obligation owing to St Charles as a result thereof in the amount of \$3,333,330; and (iii) St Charles UK Subsidiary agrees to issue 33,333,300 ordinary shares to St Charles in satisfaction of such obligation.

Additional Conditions to the Obligations of St Charles and St Charles UK Subsidiary

The obligation of St Charles and St Charles UK Subsidiary to consummate the transactions contemplated pursuant to the Business Combination Agreement are subject to certain conditions including, but not limited to, the following (collectively, the “**St Charles Conditions**”):

- (a) the representations and warranties of Eastern Resources and Eastern Resources Shareholders contained in the Business Combination Agreement must be true in all material respects (save and except for any representation or warranty already qualified by materiality, which shall be true and correct in all respects) as of Closing with the same effect as though such representations and warranties had been made as of such time;
- (b) Eastern Resources shall have fulfilled or complied in all material respects with each of its covenants contained in the Business Combination Agreement to be fulfilled or complied with by Eastern Resources on or prior to the Closing;
- (c) Eastern Resources shall have furnished to St Charles a certificate, executed by the managing director of Eastern Resources and dated as of the Closing Date, in which such director shall certify that, to the best of his knowledge, the conditions set forth in the Business Combination Agreement to be fulfilled or complied with by it on or prior to the Closing have been fulfilled or complied with in all material respects on prior to the Closing;
- (d) all consents and approvals which are required or necessary to be obtained by Eastern Resources for the completion of the transactions contemplated by the Business Combination Agreement shall have been obtained, received or waived;
- (e) Eastern Resources shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Eastern Resources to permit the completion of the Qualifying Transaction;
- (f) no Material Adverse Effect affecting the business, affairs, assets financial condition or operations of Eastern Resources shall have occurred between the effective date of the Business Combination Agreement and the Closing Date;
- (g) if required by the Exchange or requested by St Charles, Eastern Resources have provided from local counsel in the jurisdiction of incorporation, a legal opinion, in form and substance satisfactory to St Charles and its counsel, acting reasonably, with respect to the following matters: (i) it is a corporation or other form of entity existing under the laws of the jurisdiction in which it was incorporated, organized, formed, amalgamated or continued, as the case may be, and has all requisite corporate power to carry on its business as now conducted and to own, lease and operate its property and assets, and (ii) as to such other matters as the Exchange may reasonably request prior to Closing;
- (h) the Eastern Resources Shareholders shall have tendered all, but not less than all, of the Eastern Resources Shares, accompanied by duly executed share transfer forms and any other document required to be delivered by the Eastern Resources Shareholders to effect the transfer of the Eastern Resources Shares such that St Charles UK Subsidiary shall, after the Closing, be the sole shareholder of the entire issued share capital of Eastern Resources;
- (i) on or before October 14, 2022, St Charles shall have received the Technical Reports;
- (j) since the date of the Business Combination Agreement and Closing, no action, suit or proceeding shall have been taken before or by any Person against Eastern Resources that would, if successful, have a Material Adverse Effect on Eastern Resources, in the sole discretion of St Charles, acting reasonably; and

- (k) the Resulting Issuer Escrow Agreement, pursuant to which the Payment Shares issued to certain Eastern Resources Shareholders under the Business Combination Agreement will be held in escrow pursuant to the policies of the Exchange, shall have been executed and delivered by such Eastern Resources Shareholders as may be required by the Exchange.

Additional Conditions to the Obligations of Eastern Resources and the Eastern Resources Shareholders

The obligations of Eastern Resources and the Eastern Resources Shareholders to consummate the transactions contemplated pursuant to the Business Combination Agreement are subject to certain conditions including, but not limited to, the following (collectively, the “**Eastern Resources Conditions**”):

- (a) the representations and warranties of St Charles and St Charles UK Subsidiary contained in the Business Combination Agreement must be accurate in all material respects (save and except for any representation or warranty already qualified by materiality, which shall be true and correct in all respects) as of Closing with the same effect as though such representations and warranties had been made as of such time;
- (b) St Charles and St Charles UK Subsidiary shall have fulfilled or complied in all material respects with each of its covenants contained in the Business Combination Agreement to be fulfilled or complied with on or prior to the Closing;
- (c) St Charles and St Charles UK Subsidiary shall have furnished to Eastern Resources a certificate, executed by two senior officers of St Charles or St Charles UK Subsidiary, as the case may be, and dated as of the Closing Date, in which such officers shall certify that, to the best of their knowledge, the conditions set forth in the Business Combination Agreement to be fulfilled or complied with prior to the Closing have been fulfilled;
- (d) St Charles and St Charles UK Subsidiary shall have adopted all necessary resolutions and all corporate actions shall have been taken by St Charles and St Charles UK Subsidiary to permit the completion of the Qualifying Transaction;
- (e) all consents and approvals, which are required or necessary to be obtained by St Charles and St Charles UK Subsidiary for the completion of the transactions contemplated under the Business Combination Agreement shall have been obtained, received or waived;
- (f) no Material Adverse Effect affecting the business, affairs, assets, financial condition, or operations of St Charles or St Charles UK Subsidiary shall have occurred between the date of the Business Combination Agreement and Closing;
- (g) each of the directors and officers of St Charles shall, if requested by Eastern Resources, enter into a voting support agreement with Eastern Resources in the form and substance satisfactory to Eastern Resources agreeing to vote all of their securities held in St Charles in favor of approving matters, if any, requiring shareholder approval of St Charles Shareholders in connection with the Qualifying Transaction;
- (h) receipt from St Charles of any shareholder approvals necessary or desirable in connection with the Qualifying Transaction;
- (i) St Charles shall not be in default of the requirements of the Exchange and any Securities Commission and no order shall have been issued and currently in effect preventing the Qualifying Transaction or the trading of any securities of St Charles;
- (j) immediately prior to Closing, there being no more than 32,096,000 St Charles Shares outstanding on fully-diluted basis;

- (k) the Resulting Issuer shall have a shareholder base that satisfies the minimum public float and distribution requirements of the Exchange;
- (l) between the date of the Business Combination Agreement and Closing, no action, suit or proceeding shall have been taken before or by any Person against St Charles or St Charles UK Subsidiary that would, if successful, have a Material Adverse Effect on St Charles, in the sole discretion of Eastern Resources, acting reasonably;
- (m) immediately prior to Closing, each of the officers and directors of St Charles shall deliver duly executed resignations from their positions with St Charles and mutual releases effective with the Completion of the Qualifying Transaction, with the exception of James Crombie, who will be staying on as Executive Chairman and Director of the Resulting Issuer;
- (n) the Resulting Issuer Board shall have been appointed as the St Charles Board at the Effective Time;
- (o) the management of St Charles shall have been reconstituted such that all members of the management team shall be nominees of Eastern Resources, with the exception of James Crombie;
- (p) St Charles shall have delivered all applicable closing deliveries pursuant to Section 8.3 of the Business Combination Agreement; and
- (q) St Charles shall have delivered to each Eastern Resources Shareholder or, to the extent required by the Exchange, to the Escrow Agent, certificates or DRS statements duly registered in the name of such Eastern Resources Shareholder evidencing the number of Payment Shares to which such Eastern Resources Shareholder is entitled pursuant to the Business Combination Agreement.

Representations and Warranties

The Business Combination Agreement contains representations and warranties made by each of St Charles, St Charles UK Subsidiary, Eastern Resources and the Eastern Resources Shareholders. The assertions embodied in those representations and warranties are solely for the purposes of the Business Combination Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an “adverse effect” or “adverse change”. Therefore, the representations and warranties in the Business Combination Agreement should not be relied on as statements of factual information.

The Business Combination Agreement contains representations and warranties made by each of St Charles, St Charles UK Subsidiary, Eastern Resources and the Eastern Resources Shareholders relating to certain matters, including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or Applicable Laws; authority to execute and deliver the Business Combination Agreement and perform its obligations thereunder; due authorization and enforceability of the Business Combination Agreement; composition of share capital; options or other rights for the purchase of securities; financial condition, records and accounts; assets and conduct of operations; absences of litigation, judgement or order; employment matters; reporting issuer and listing status; and matters related to the Business Combination.

The representations and warranties of the parties shall not survive the Completion of the Qualifying Transaction and shall expire and be terminated on the earlier of the Closing Date and the date on which the Business Combination Agreement is terminated in accordance with its terms except for any covenant or agreement that, by its terms, contemplates performance after the Closing Date or the date on which the Business Combination Agreement is terminated, as the case may be.

Standstill

During the period commencing on the date of the Business Combination Agreement and continuing until the earlier of: (i) the Closing Date; (ii) the date upon which the Business Combination Agreement is terminated pursuant to a

termination event described below; or (iii) the date that any statute, rule, policy or regulation currently in existence or which shall have been proposed, enacted, promulgated or entered into by any regulatory or administrative authority having jurisdiction on the date of the Business Combination Agreement, in the judgement of the parties, acting reasonably, makes the transactions contemplated under the Business Combination Agreement illegal or unduly delays the Completion of the Qualifying Transaction: St Charles and Eastern Resources, as the case may be, will not, directly or indirectly, alone or jointly or in concert with any other Person (accept as otherwise mutually agreed): (i) solicit, initiate, encourage, engage or respond to any inquiries, submissions, proposals or offers regarding any assets or securities of Eastern Resources, by merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its assets, recapitalization, reorganization, liquidation, sale or issuance of a material number of treasury securities (except upon the due exercise of convertible or exchangeable securities outstanding on the date hereof or as otherwise contemplated herein) for any securities of Eastern Resources or any rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction involving such securities (each, an “**Acquisition Proposal**”), other than with St Charles or with St Charles’ prior written consent; (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal; (c) agree to, approve or publicly recommend an Acquisition Proposal; or (d) enter into any agreement related to an Acquisition Proposal.

Guarantee of St Charles UK Subsidiary Obligations

St Charles will unconditionally and irrevocably guarantee in favour of Eastern Resources and the Eastern Resources Shareholders, as principals, the due and punctual performance by St Charles UK Subsidiary of each of its obligations and liabilities under the Business Combination Agreement. St Charles will agree that Eastern Resources and/or the Eastern Resources Shareholders shall not have to proceed first against St Charles UK Subsidiary in respect of any such matter before exercising its guarantee rights against St Charles and agrees to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

Termination Events

The Business Combination Agreement may be terminated in the following instances:

- (a) by mutual agreement in writing by Eastern Resources, the Eastern Resources Shareholders and St Charles;
- (b) by Eastern Resources, the Eastern Resources Shareholders or St Charles by written notice to the other if the Completion of the Qualifying Transaction does not occur prior to the Outside Date, unless the failure to complete the Qualifying Transaction by such date is the result, directly or indirectly, of a breach of the Business Combination Agreement by the party seeking to terminate the Business Combination Agreement, in which case the Business Combination Agreement shall not be terminated;
- (c) by Eastern Resources or St Charles by written notice to the other if any of the Mutual Conditions shall not have been satisfied on Closing, or an earlier date if required for the performance of such Mutual Condition, where the failure to satisfy any such Mutual Condition is not the result, directly or indirectly, of a breach of the Business Combination Agreement by the party terminating the Business Combination Agreement, as set out in Section 5.1 of the Business Combination Agreement;
- (d) by St Charles by written notice to Eastern Resources if any of the St Charles Conditions shall not have been satisfied by Eastern Resources on Closing, or an earlier date if required for the performance of such St Charles Condition, where the failure to satisfy any such St Charles Condition is not the result, directly or indirectly, of a breach of the Business Combination Agreement by Eastern Resources, as set out in Section 5.2 of the Business Combination Agreement;
- (e) by Eastern Resources by written notice to St Charles if any of the Eastern Resources Conditions shall not have been satisfied by St Charles on Closing, or an earlier date if required for the

performance of such Eastern Resources Condition, where the failure to satisfy any such Eastern Resources Condition is not the result, directly or indirectly, of a breach of the Business Combination Agreement by St Charles, as set out in Section 5.3 of the Business Combination Agreement ; and

- (f) by a non-breaching party, (i) in the event of a material breach of any representation, warranty or covenant (other than the covenants in Section 5.4 contained in the Business Combination Agreement which is not cured within ten (10) business days of the non-breaching party providing notice of the breach to the breaching party, or (ii) immediately upon breach by the other party of any covenant in Section 5.4.

In the event of termination pursuant to its terms, the Business Combination Agreement shall become void and no party shall have any liability or further obligation to any other party except for the obligations contained in the provisions related to the survival of the representations and warranties, disclosure and confidentiality, governing law and expenses of each party.

Escrow Restrictions

Certain of the Payment Shares issuable pursuant to the Business Combination Agreement may be subject to escrow restrictions pursuant to the Resulting Issuer Escrow Agreements and will be released from escrow upon the passage of time in accordance with the policies of the Exchange. Each Eastern Resources Shareholder whose Payment Shares are subject to such escrow will: (i) execute the Resulting Issuer Escrow Agreements in the form required by the Exchange; or (ii) be subject to certain “seed share resale restrictions” as contemplated in the policies of the Exchange and the certificates representing such Payment Shares, if applicable, shall include a legend setting forth any such restrictions.

Directors and Management

In connection with the Business Combination, all the current directors and officers of St Charles except for James Crombie, will resign in favour of nominees of Eastern Resources. Eastern Resources’ nominees for directors are Sean Hasson, Colin Jones, Laurie Marsland, Dr. Mihaela Barnes and a sixth nominee who may be appointed by Eastern Resources in its sole discretion. Sean Hasson will be appointed as President and Chief Executive Officer and Jeff Pennock will be appointed as Chief Financial Officer and Corporate Secretary.

PART II – INFORMATION CONCERNING ST CHARLES AND ST CHARLES UK SUBSIDIARY

The following information is presented prior to giving effect to the Qualifying Transaction as at the date hereof or as otherwise specified herein. See “*Part V – Information Concerning the Resulting Issuer*” for pro forma business, financial and share capital information relating to the Resulting Issuer.

Corporate Structure

Name and Incorporation

St Charles Resources Inc. was incorporated under the OBCA on July 16, 2021. St Charles is a reporting issuer in the Provinces of Ontario, British Columbia, Alberta and Saskatchewan, and its common shares began trading on the TSXV under the symbol “SCRS.P” on April 26, 2022. The head office and registered office of St Charles is 181 Bay Street, Suite 4400, Toronto, Ontario Canada M5J 2T3.

Intercorporate Relationships

St Charles UK Subsidiary was incorporated on January 13, 2023, pursuant to the laws of the United Kingdom. St Charles UK Subsidiary is the only subsidiary of St Charles. The issued and outstanding share capital of St Charles UK Subsidiary consists of one ordinary share which is held by St Charles.

General Development of the Business

Overview and History of St Charles and St Charles UK Subsidiary

St Charles is a Capital Pool Company pursuant to the policies of the TSXV. As such, St Charles has not commenced commercial operations and has no assets other than a minimum amount of cash. St Charles has not carried on any business other than the identification and evaluation of assets and businesses with a view to completing a proposed Qualifying Transaction in accordance with TSXV polices.

On April 26, 2022, St Charles completed its initial public offering on the Exchange, raising gross proceeds of \$2,000,000 through the issuance of 20,000,000 St Charles Shares at \$0.10 per share. St Charles' common shares were approved for listing on the Exchange and commenced trading effective April 26, 2022 under the symbol "SCRS.P".

On September 2, 2022, St Charles entered into a binding letter of intent with Eastern Resources, in respect to the Qualifying Transaction.

Selected Consolidated Financial Information

The following tables set out certain selected financial information of St Charles for the period from incorporation to the year ended December 31, 2021, and for the interim three and nine-month period ended September 30, 2022. The selected information has been derived from St Charles' audited financial statements for the year ended December 31, 2021 and for the interim nine-month period ended September 30, 2022. The following information should be read in conjunction with St Charles' financial statements and notes hereto attached to this Filing Statement as Appendix A. The financial results are not indicative of the results that may be expected for any other period. St Charles' audited and unaudited interim financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS.

Financial Statement Data	Nine-Month Period Ended September 30, 2022	Year Ended December 31, 2021
Total assets	\$1,975,292	\$391,338
Total non-current liabilities	-	-
Total expenses	\$329,575	\$644
Less interest income	-	-
Loss and comprehensive loss	\$(329,575)	\$(644)
Basic & diluted loss per share	\$(0.02)	\$(0.00)

Management's Discussion and Analysis

The MD&A of St Charles for the year ended December 31, 2021 and for the interim three and nine-months period ended September 30, 2022 is attached hereto at Appendix B and should be read in conjunction with the respective financial statements. Such financial statements have been prepared in accordance with IFRS and all amounts included in the MD&A of St Charles are in Canadian dollars, unless otherwise specified. For a discussion of risks and uncertainties facing St Charles, Eastern Resources and the Resulting Issuer see "*Part II - Risk Factors Associated with the Business Combination*".

Description of Securities

Common Shares

The authorized capital of St Charles consists of an unlimited number of common shares. As at the date hereof, there are 27,360,000 Charles Shares issued and outstanding as fully paid and non-assessable. The St Charles Shares are without par value and entitle the holders thereof to receive notice of, attend and vote at all meetings of the shareholders of St Charles. Each St Charles Share carries one vote at such meetings. Holders of St Charles Shares are entitled to dividends as and when declared by the St Charles Board. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of St Charles, after payment of all outstanding debts, the remaining assets of St Charles available for distribution will be distributed to the holders of St Charles Shares.

St Charles Options

As of the date hereof, there are presently 4,736,000 St Charles Options outstanding with an exercise price of \$0.10 per St Charles Share, which were granted to the officers and directors of St Charles, and the Sponsor, in connection with St Charles' initial public offering. All St Charles Options expire on April 25, 2027. St Charles Options held by the current officers and directors of St Charles who will be resigning on Closing will expire on the day that is twelve (12) months from the completion of the Qualifying Transaction.

St Charles Option Plan

Pursuant to the St Charles Option Plan, a maximum of 10% of the issued and outstanding St Charles Shares are reserved for issuance at the time a St Charles Option is granted, less any St Charles Shares reserved for issuance under Share Compensation Arrangements other than the St Charles Option Plan. As such, as long as St Charles is a CPC, a maximum of 2,736,000 St Charles Shares may be issued under the St Charles Option Plan. Options may be granted at the discretion of the St Charles Board to eligible St Charles Optionees under the St Charles Option Plan.

Until St Charles completes the Qualifying Transaction and ceases to be a CPC, all St Charles Options granted under the St Charles Option Plan will be subject to the terms and conditions of Exchange Policy 2.4.

Under the Exchange Policies, to be eligible for the issuance of a St Charles Option under the St Charles Option Plan a St Charles Optionee must either be a director, officer or employee, a consultant, or an employee of a company providing management or other services to St Charles or a Subsidiary at the time the St Charles Option is granted.

Stock options under the St Charles Option Plan may be granted only to an individual or to a non-individual that is wholly owned by individuals eligible for a St Charles Option grant. If the St Charles Option is granted to a non-individual, it must provide the Exchange with an undertaking that it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the St Charles Option remains in effect, without the consent of the Exchange and St Charles.

The following is a summary of the material terms of the St Charles Option Plan:

- (a) for St Charles Options granted to employees or service providers (inclusive of management company employees), St Charles must ensure that the proposed St Charles Optionee is a *bona fide* employee or service provider (inclusive of management company employees), as the case may be, of St Charles or any Subsidiary;
- (b) no St Charles Optionee can be granted a St Charles Option or St Charles Options to purchase more than 5% of the outstanding listed shares of St Charles in any one year period, unless disinterested shareholder approval is obtained;
- (c) no St Charles Options will be granted under the St Charles Option Plan to any person providing investor relation activities until St Charles ceases to be a CPC, and upon ceasing to be a CPC, no St Charles Option will be granted to a person providing investor relation activities, unless St Charles

issues a news release at the time of grant of St Charles Options to a St Charles Optionee engaged in investor relation activities;

- (d) St Charles Options granted to consultants cannot exceed 2% of the issued and outstanding shares of St Charles in any one year;
- (e) subject to a minimum exercise price of \$0.10 per St Charles Share, the minimum exercise price of a St Charles Option granted under the St Charles Option Plan must not be less than the Discounted Market Price (as defined in the Exchange Policies);
- (f) as long as St Charles is a CPC, the exercise price per St Charles Share must be equal to or greater than \$0.10 per St Charles Share;
- (g) any St Charles Shares acquired pursuant to the exercise of St Charles Options prior to the completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final QT Exchange Bulletin is issued;
- (h) all St Charles Options granted under the St Charles Option Plan are non-assignable and non-transferable and are exercisable for a period of up to 10 years; and
- (i) St Charles Options may be exercised the greater of: (i) twelve (12) months after the date of cessation of being a St Charles Optionee (or such other time, not to exceed 12 months as shall be determined by the St Charles Board as at the time of grant or agreed to by the St Charles Board and the St Charles Optionee at any time prior to expiry of the St Charles Options); and (ii) twelve (12) months following cessation of the St Charles Optionee’s position with St Charles, and only to the extent that such St Charles Options were vested at the date the St Charles Optionee ceased to hold its position with St Charles, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the St Charles Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such St Charles Option.

A copy of the St Charles Option Plan is available under St Charles’ SEDAR profile at www.sedar.com.

Upon Completion of the Qualifying Transaction, no further grants will be made under the St Charles Option Plan. Each St Charles Option outstanding as of the date hereof shall be multiplied by the Payment Ratio and replaced by a Resulting Issuer Option exercisable into a Resulting Issuer Share. For information on the Option Plan see “*Part V – Information Concerning the Resulting Issuer– Stock Option Plan*”.

The following table sets out the number of St Charles Options held by holders of each category identified therein as of the date of this Filing Statement:

<u>Group</u>	<u>Number of St Charles Options/Warrants</u>	<u>Exercise Price Per St Charles Option/Warrant</u>	<u>Expiry Date</u>
St Charles officers and directors	2,736,000	\$0.10	April 25, 2027 ⁽¹⁾
Sponsor	2,000,000	\$0.10	April 25, 2027

Notes:

- (1) St Charles Options granted while St Charles was a CPC may be exercised into Resulting Issuer Shares until the greater of twelve (12) months after the Completion of the Qualifying Transaction and twelve (12) months calendar days following the date the St Charles Optionee ceases to be a director, officer or employee of the Resulting Issuer or its Affiliates or a consultant or a management company employee, except if such cessation was by reason of death, the St Charles Option may be exercised within a maximum period of one year after such death.

Prior Sales

Since the date of incorporation of St Charles, 27,360,000 Eastern Shares have been issued and are currently outstanding as follows:

Date	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
July 16, 2021	1 ⁽¹⁾	\$1.00	\$1.00	Cash
September 2021	7,360,000 ⁽²⁾	\$0.05	\$368,000	Cash
April 26, 2022	20,000,000 ⁽³⁾	\$0.10	\$2,000,000	Cash

Note:

- (1) Initial incorporator's St Charles Share, which was subsequently repurchased by St Charles.
- (2) Issued at various dates in September 2021. All of these St Charles Shares were issued to Insiders or at a price below \$0.10 per St Charles Share and are subject to the terms and conditions of the St Charles Escrow Agreement.
- (3) All of these St Charles Shares were issued in connection with St Charles' initial public offering.

Trading Price and Volume

The St Charles Shares are listed on the Exchange under the trading symbol "SCRS.P". The closing price of the St Charles Shares on September 1, 2022, being the last day the St Charles Shares traded on the Exchange before being halted in connection with the proposed Qualifying Transaction, was \$0.080.

The following table sets forth the high and low daily closing prices and the volumes of trading of St Charles Shares for the periods indicated.

Period	High	Low	Trading Volume
September, 2022 ⁽¹⁾	0.080	0.080	0
August, 2022	0.100	0.065	37,083
July, 2022	0.180	0.040	333,910
June, 2022	0.180	0.080	188,730
May, 2022	0.200	0.065	644,864
April, 2022	0.210	0.100	46,012

Note:

- (1) At the request of St Charles, trading in St Charles Shares was halted on September 1, 2022, pending the filing of a comprehensive news release announcing the Qualifying Transaction.
- (2) St Charles Shares were listed on the Exchange on April 26, 2022.

Executive Compensation

Under applicable securities legislation, St Charles is required to disclose certain financial and other information relating to the compensation of its Named Executive Officers for the financial year ended December 31, 2021 and for the directors of St Charles.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for the most recently completed financial year to St Charles' Named Executive Officers and its directors:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
James Crombie ⁽¹⁾⁽⁴⁾ President, CEO and Director	2021	Nil	Nil	N/A	N/A	Nil	Nil
Alain Krushnisky ⁽²⁾⁽⁴⁾ CFO and Director	2021	Nil	Nil	N/A	N/A	Nil	Nil
Carole Plante ⁽³⁾⁽⁴⁾ Corporate Secretary and Director	2021	Nil	Nil	N/A	N/A	Nil	Nil
David A. Fennell ⁽⁴⁾ Director	2021	Nil	Nil	N/A	N/A	Nil	Nil
Mark Eaton ⁽⁴⁾ Director	2021	Nil	Nil	N/A	N/A	Nil	Nil

Notes:

- (1) Mr. Crombie was appointed as President, CEO and Director on July 16, 2021.
- (2) Mr. Krushnisky was appointed as CFO and Director on July 16, 2021.
- (3) Ms. Plante was appointed as a Corporate Secretary and Director on July 16, 2021.
- (4) Mr. Fennell and Mr. Eaton were each appointed as a Director on July 16, 2021.

Stock Options, RSUs and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officer or to any director of St Charles during the financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to St Charles.

No compensation securities were exercised by any Named Executive Officer or any director of St Charles during the financial year ended December 31, 2021.

Employment, Consulting and Management Agreements

There are no employment, consulting or management agreements in place with any of St Charles' Named Executive Officers nor its directors.

Oversight and Description of Director and Named Executive Officer Compensation

St Charles' board of directors is responsible for determining compensation for the officers and non-executive directors of St Charles.

St Charles is a CPC in accordance with the Exchange Policies and, at present, does not conduct any active business operations. Until the Completion of the Qualifying Transaction, no compensation will be paid to any Names Executive Officers or directors of St Charles.

Compensation of Directors

Directors of St Charles do not receive any compensation for attending meetings of the St Charles Board, committees of the St Charles Board, and shareholders meetings. Other than stock options to purchase common shares which are granted to St Charles' directors from time to time, St Charles does not have any arrangements pursuant to which directors are remunerated by St Charles or any of its subsidiaries for their services in their capacities as directors, consultants or experts.

Pension Disclosure

There are no pension plan benefits in place for St Charles' Named Executive Officers nor its directors.

Termination and Change of Control Benefits

St Charles does not have in place any pension or retirement plan. St Charles has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of St Charles in connection with or related to the retirement, termination or resignation of such person. St Charles has not provided any compensation to such persons as a result of a change of control of St Charles, its subsidiaries or affiliates. St Charles is not party to any compensation plan or arrangement with its Named Executive Officers or directors of St Charles resulting from the resignation, retirement or the termination of employment of such person.

Management Contracts

Management functions of St Charles are, and since the beginning of the most recently completed financial year have been, performed by the directors and executive officers of St Charles, and are not to any substantial degree performed by any other person or corporation. St Charles has no management agreement with persons who are not officers or directors of St Charles.

Non-Arm's Length Party Transactions

St Charles did not complete any Non-Arm's Length Transactions (within the meaning of the Exchange Policies) during the previous financial year.

The Business Combination is an Arm's Length Transaction within the meaning of the Exchange Policies.

Legal Proceedings

There are no legal proceedings, actual or contemplated, material to St Charles to which St Charles is a party or of which any of its property is the subject matter.

Auditor, Transfer Agents And Registrars

Auditor

The auditor of St Charles is Raymond Chabot Grant Thornton LLP, located at Suite 2000, National Bank Tower, 600 De La Gauchetière Street West, Montréal, Québec H3B 4L8.

Transfer Agent and Registrar

St Charles' transfer agent and registrar is TSX Trust Company, located at Suite 1800, 1190 avenue des Canadiens-de-Montreal, C.P. 37, Montreal, Quebec H3B 0G7.

Material Contracts

St Charles has not entered into any material contracts that currently remain in effect, except in the ordinary course of business, other than:

- (a) the Business Combination Agreement;
- (b) the St Charles Escrow Agreement; and
- (c) the Sponsorship Agreement.

A copy of the foregoing agreements will be available for inspection at the registered offices of St Charles during ordinary business hours, until completion of the Business Combination and for a period of 30 days thereafter.

PART IV – INFORMATION CONCERNING EASTERN RESOURCES

The following information has been provided by Eastern Resources and is reflective of the current business, financial and share capital position of Eastern Resources. See also the Financial Statements of Eastern Resources attached hereto as Appendix C. See “*Part V – Information Concerning the Resulting Issuer*” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Completion of the Qualifying Transaction.

Although St Charles has no knowledge that would indicate any statements contained herein relating to Eastern Resources, its affiliates or the Eastern Resources Shares taken from or based upon such information provided by Eastern Resources are untrue or incomplete, neither St Charles nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Eastern Resources, its affiliates or the Eastern Resources Shares, or for any failure by Eastern Resources to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to St Charles.

Corporate Structure

Name and Incorporation

Eastern Resources is a private company that was incorporated on October 22, 2014 under the laws of the Republic of Bulgaria (“Bulgaria”). The principal office of Eastern Resources is located at Tsar Osvoboditel 29, Et. 6, Sofia, 1000, Bulgaria and its registered office is located at Avitsena 32, Sofia, 1124, Bulgaria.

The directors of Eastern Resources are Vasil Andreev, Danko Zhelev and Sean Hasson (each of whom are residents of Bulgaria). Its officers are Danko Zhelev (Executive Director) and Sean Hasson (Executive Director Exploration).

Intercorporate Relationships

Eastern Resources does not have any subsidiaries.

Description of the Business

Overview and History of Eastern Resources

The main business of Eastern Resources is the exploration and development of mineral resources in Bulgaria. Eastern Resources’ material mineral projects consist of the Kostilkovo Gold Property and the Kutel Gold Property, both of which are exploration projects.

To date, Eastern Resources has not generated any revenue from its mineral exploration activities and has met its cash requirements primarily through share issuances and shareholder loans. Until Eastern Resources attains profitability, which may not occur in the near future or even at all, it will be necessary to raise additional financings for general working capital and for exploration costs on its material properties. If Eastern Resources is unable to obtain financing in the amounts and on the terms deemed acceptable, the future success of the business could be adversely affected. There is no assurance that Eastern Resources will be able to obtain adequate financing in the future, or that such financing will be on the terms advantageous to Eastern Resources. See “*Risk Factors*”.

On April 26, 2022, Eastern Resources completed a non-brokered private placement of 5 Eastern Shares at a price of BGN 136,100 per share for aggregate gross proceeds of BGN 680,500 (the “**Eastern Resources Private Placement**”).

On October 22, 2022, Eastern Resources entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which Eastern Resources has an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100.

On September 2, 2022, Eastern Resources entered into a binding letter of intent with St Charles, in respect to the Qualifying Transaction, as described in the news release dated September 8, 2022. On January 31, 2023, Eastern

Resources entered into the Business Combination Agreement, which supersedes the letter of intent, pursuant to which Eastern Resources and St Charles intend to complete the Qualifying Transaction.

Significant Acquisitions and Dispositions

Other than as described herein, no other significant acquisitions or dispositions have been completed by Eastern Resources during the last three financial years or are currently contemplated.

Narrative Description of the Business

Business of Eastern Resources

Eastern Resources is a mineral exploration company currently with two gold projects, being the Kostilkovo Gold Property and the Kutel Gold Property, both of which are located in Bulgaria. Eastern Resources acquired the rights to explore and develop such properties by making certain mandated cash payments and agreeing to make future cash payments in accordance with the Chukata Exploration Licence (“Chukata EL”) and the Kutel Exploration Licence (“Kutel EL”). Eastern Resources also has an option to acquire a certain territory area located in the Slovak Republic that it has no plans to explore at this time and is contingent on certain conditions precedent.

Stated Business Objectives

Over the next 12 months of operations Eastern Resources plans to: (i) complete the Qualifying Transaction; (ii) complete Phase 1 drill programs on each of the Kutel Gold Property and the Kostilkovo Gold Property as recommended in the Technical Reports; (iii) satisfy its obligations under the Chukata EL and the Kutel EL to maintain its interests in the properties; and (iv) consider and/or pursue other projects or business objectives whether in the resource industry or otherwise, as they may arise from time to time.

Significant Events or Milestones

The Resulting Issuer intends to complete drilling programs on both the Kutel and Kostilkovo Gold Properties as recommended in the Technical Reports. The Resulting Issuer intends to spend \$366,000 on the Phase 1 Drill Program for the Kutel Gold Property in the immediate 6-months following the qualifying transaction and then intends to spend \$379,000 on the Phase 1 Drill Program for the Kostilkovo Gold Project in the second half of the year following the qualifying transaction.

In order to advance the stated business objectives for the Kutel Gold Property, the Resulting Issuer intends to initially drill test beneath each of the three hydrothermal explosion breccias “HEBs” located on the Kutel Gold Property with one 500m length diamond drillhole for each of the three target areas for a total of 1,500m.

In order to advance the stated business objectives for the Kostilkovo Gold Property, the Resulting Issuer intends to drill test beneath the mapped upflow zones located within the Izvorite and Runkite prospect areas with approximately 8 diamond drillholes for a total of 1,500 m.

The Resulting Issuer is intending to commence systematic exploration programs in 2023 on the Properties in order to establish the potential for gold mineralization subsurface.

Competitive Conditions

The mineral resource industry is intensely competitive and Eastern Resources will compete with many companies that have greater financial resources and technical facilities than itself. Significant competition exists for the limited number of mineral opportunities available in Eastern Resources’ area of operation. As a result of this competition, Eastern Resources’ ability to acquire additional attractive mining properties on terms it considers acceptable may be adversely affected.

Productions and Sales

Eastern Resources is an early-stage mineral exploration company with no production from any of its properties, and consequently it has no current operating income, cash flows, or revenues. Eastern Resources does not expect to generate revenues from production of its properties in the foreseeable future and there is no assurance that a commercially viable mineral deposit exists on either of Eastern Resources' properties. See "*Risk Factors*".

There is a worldwide market for precious and base metals into which Eastern Resources could sell, if and when it reaches production. As a result, Eastern Resources would not be dependent on a particular purchaser with regard to the sale of any precious or base metals that it produces.

As Eastern Resources does not currently carry-on production activities, its ability to fund its ongoing exploration is affected by the availability of financing which, in turn, is affected by the strength of the economy and other general economic factors. The mining business is also subject to mineral price cycles and global economic cycles which affect the marketability of products derived from mining. Relatively high metals prices can improve the probability that a mineral deposit could be developed into an economic producing property. In contrast, relatively low metals prices can reduce the probability that a mineral deposit could be developed into a producing property. The relative attractiveness of all mineral deposits is therefore highly dependent on metals prices and overall macroeconomic activity, and, accordingly, mineral exploration activity is closely tied to the worldwide markets for precious and base metals.

Specialized Skills and Knowledge

All aspects of Eastern Resources' business require specialized skills and knowledge. Such skills and knowledge include geology, drilling, metallurgy, logistical planning, and implementation of exploration programs, financial accounting and regulatory compliance and reporting. Eastern Resources has been successful to date in identifying and retaining employees and contractors with such skills and knowledge.

Foreign Operations

All of Eastern Resources' operations are conducted in foreign jurisdictions. Eastern Resources' main operations and mineral exploration properties are located in Bulgaria. As such, Eastern Resources is exposed to various levels of political, economic and other risks and uncertainties associated with operating in foreign jurisdictions, particularly in Eastern Europe, as compared to Canada. See "*Risk Factors*".

Employees

During 2022, Eastern Resources' business and operations were carried out chiefly by Messrs. Sean Hasson, Danko Zhelev and Jeff Pennock, who are retained pursuant to an employment agreement, a management contract and a consulting agreement, respectively. See "*Executive Compensation*". As Eastern Resources expands its activities, it is probable that it will hire additional employees and engage additional consultants and contractors.

Components

The raw materials and support services that Eastern Resources requires to carry-on its business are available through normal supply or business contracting channels in Bulgaria and the European Union generally. Increased demand by other mineral exploration, development and operating companies can make it more difficult to procure certain supplies and services; however, since commencing current operations, Eastern Resources has been able to secure the appropriate personnel, equipment and supplies required to conduct its contemplated programs. As a result, Eastern Resources does not believe that it will experience any shortages of required personnel, equipment or supplies in the foreseeable future.

Intangible Properties

Eastern Resources does not have any need for, nor does it use, any brand names, circulation lists, patents, copyrights, trademarks, franchises, licenses, software (other than commercially available software), subscription lists, or other intellectual property in its business.

Cycles

Exploration can be carried out at the Kostilkovo Gold Property all year-round; however, exploration activities at the Kutel Gold Property may be limited during periods of adverse weather conditions including, without limitation, inclement weather, snow cover, frozen ground and restricted access due to snow, ice or other weather-related factors.

Changes to Contracts

Eastern Resources does not anticipate that its business will be materially affected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

Economic Dependence

Eastern Resources' business is not substantially dependent on any contract, such as a property option agreement or a contract to sell the major part of its products or services, or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise, license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Environmental Protection

Eastern Resources' exploration activities are subject to any future development and production operations will be subject to various laws, rules and regulations governing the protection of the environment and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. As with all projects at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the production stage, then more time and money would be involved in satisfying environmental protection requirements. Cognizant of its responsibility to the environment, Eastern Resources strives to conform to all applicable environmental laws and regulations and to promote the respect of the environment in its activities.

Lending

Eastern Resources does not engage or plan to engage in any lending activities.

Bankruptcy and Similar Procedures

There has never been any bankruptcy, receivership or similar proceedings against Eastern Resources, nor is Eastern Resources aware of any such pending or threatened proceedings. Eastern Resources has not been party to any voluntary bankruptcy, receivership or similar proceedings since incorporation.

Reorganizations

There has not been any material reorganization of Eastern Resources in the past three years.

Social or Environmental Policies

Eastern Resources has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its mineral exploration projects or human rights policies); however, Eastern Resources' management, with the assistance of its contractors and advisors, ensures its ongoing compliance with environmental laws in the jurisdictions in which it does business.

Kostilkovo Gold Property

Upon Completion of the Qualifying Transaction, the Kostilkovo Gold Property would form the qualifying property of St Charles.

The following is a summary of information derived from the Kostilkovo Gold Technical Report regarding the Kostilkovo Gold Property, St Charles' qualifying and material property. The summary of the Kostilkovo Gold Report contained in this Filing Statement has been reviewed and approved by Mark Burnett (the "QP"), CGeol (UK), EurGeol (Europe) of AMC Consultants (UK) Limited and Paul Greenhill, FAusIMM (CP) of AMC Consultants Pty Ltd., who are independent of Eastern Resources, within the meaning of NI 43-101. The full Kostilkovo Gold Technical Report has been filed on SEDAR at www.sedar.com in conjunction with this Filing Statement. Readers are encouraged to review the Kostilkovo Gold Technical Report in its entirety.

Project Description, Location and Access

The Kostilkovo Gold Property is located 270 km south-east of the capital city of Bulgaria, Sofia, close to its border with Greece, in the Municipality of Ivailovgrad within the Haskovo Region. The town of Ivailovgrad is the regional center, located 13 km north-east of the Kostilkovo Gold Project.

Eastern Resources applied for the Chukata EL in November 2014, with final approval being granted on April 23, 2019, as per Decision No. 480/27.04.2018. The Kostilkovo Gold Property covers an area of 66.18 km². The Kostilkovo Gold Property is 100% owned by Eastern Resources, and the initial exploration license agreement was valid until 2022. An extension agreement, valid from April 27, 2022, allows Eastern Resources to explore the Kostilkovo Gold Property for an additional two (2) year period.

Accessibility

The Kostilkovo Gold Property is accessed via a paved national highway from Sofia to Lyubimets (265 km), followed by another 80 km on provincial paved roads to the village of Pelevun (Plevun); approximately four hours travel time from Sofia. Access on the Kostilkovo Gold Property and the Kostilkovo Gold Project is via secondary, unpaved and forest roads. Only the road from Ivailovgrad to Meden Buk village is paved. The forestry tracks, which cross the Kostilkovo Gold Property provide reasonable access to all Kostilkovo Gold Project and prospect areas.

Mineral Tenure

The Kostilkovo Gold Property comprises a single Exploration License (Decision 480/27.04.2018), referred to as the "Chukata EL", encompassing an area of 66.18 km² which is centered approximately at 425,000 mE and 4,585,000 mN (WGS84, UTM35N).

Eastern Resources applied for the Chukata EL in November 2014. In December 2015, Eastern Resources was informed by the Bulgarian Ministry of Energy that due to the interest of another company, the granting of the Chukata EL would proceed as a competitive tender. In December 2016, Eastern Resources was informed by the Bulgarian Ministry of Energy, that they had been placed first in the competitive tender, and that subject to the successful negotiation of contractual terms the Chukata EL would be granted to Eastern Resources. The Chukata EL agreement was signed with the Bulgarian Ministry of Energy on 25 February 2019. Subsequently, Eastern Resources received the final approval of the Bulgarian Ministry of Environment and Waters on April 23, 2019, which is the effective date of the Chukata EL agreement. The property is 100% owned by Eastern Resources.

An Additional Agreement No. 1 was concluded with the Ministry of Energy on April 27, 2022 which allows Eastern Resources to explore the Kostilkovo Gold Property for an additional two (2) year period. The size of the Kostilkovo Gold Property was reduced from 69.55 km² to 66.18 km². As of the date of this Filing Statement, Eastern Resources has not received final approval from the Bulgarian Ministry of Environment and Waters, which once provided, would be the effective date of the first two-year extension. Eastern Resources expects to receive such approval in the near future or upon the appointment of a new minister, if a new Bulgarian government will be formed. See "Risk Factors".

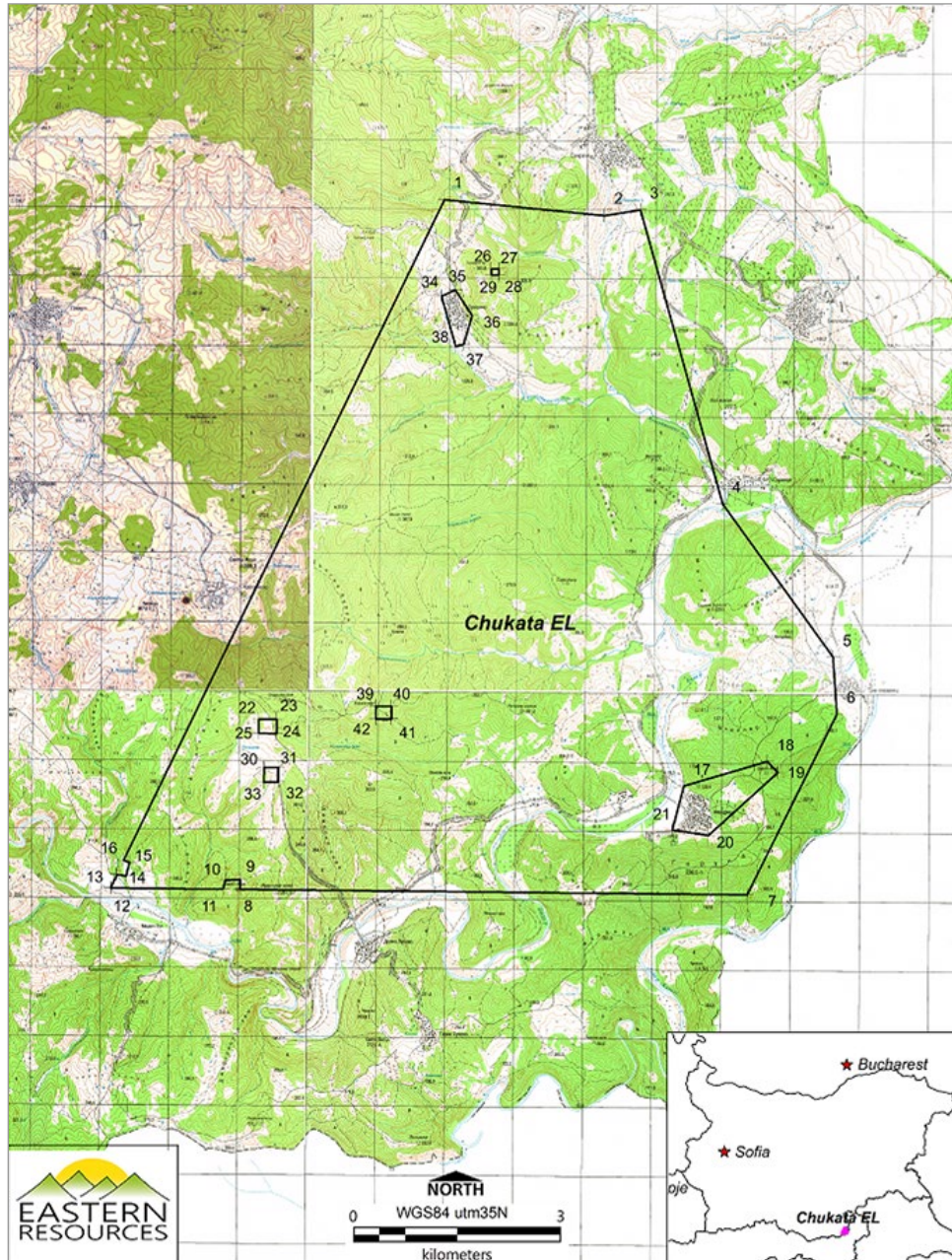
Royalties

Mineral royalties are payable to the Government of Bulgaria and determined via a sliding scale based on profitability and range between 0.8% to 4% of the gross metal value. There are no back-in right, payments or other agreements and encumbrances to which the Kostilkovo Gold Property is subject.

Required Permits

The Chukata EL permits Eastern Resources to explore and prospect for metalliferous mineral resources in the Chukata EL area, municipality of Ivailovgrad, district of Haskovo, Bulgaria. See Figure 1, Table 1 and Table 2

Figure 1 - Plan showing the extent of the Chukata EL.



Source: Eastern Resources, 2022.

The Kostilkovo gold project is part of the larger Chukata EL. Approximately 15 km² in area, the Kostilkovo gold project encompasses a set of six principal and named prospects. Table 2 shows the relationships between the Kostilkovo Gold Property, the Project, and the prospects.

Table 3 – Relationship between the Kostilkovo Gold Property, project and principal prospects.

Property	Project	Prospect name
Chukata Exploration License (66.18 km ²)	Kostilkovo Gold Project (Approximately 15 km ²)	Izvorite Chiflika Runkite Obor Dolno Lukovo Qmuirlika

Table 2 - Chukata EL boundary co-ordinates: WGS84 UTM35N co-ordinate system

Point	East	North
1	423,871	4,591,501
2	426,190	4,591,269
3	426,710	4,591,351
4	427,901	4,587,094
5	429,497	4,584,879
6	429,552	4,584,053
7	428,254	4,581,436
8	420,920	4,581,515
9	420,913	4,581,656
10	420,701	4,581,649
11	420,668	4,581,518
12	419,040	4,581,535
13	419,131	4,581,729
14	419,263	4,581,709
15	419,311	4,581,902
16	419,228	4,581,938
Excluded area		
17	424,552	4,590,498
18	424,660	4,590,500
19	424,662	4,590,411
20	424,553	4,590,410
21	423,830	4,590,104
Excluded area		
22	424,028	4,590,197
23	424,271	4,589,825
24	424,151	4,589,406
25	424,036	4,589,376
Excluded area		
26	421,185	4,583,976
27	421,444	4,583,977
28	421,446	4,583,770
29	421,186	4,583,774
Excluded area		
30	422,882	4,584,166
31	423,106	4,584,165
32	423,107	4,583,982
33	422,882	4,583,981

Excluded area		
34	421,264	4,583,280
35	421,468	4,583,281
36	421,469	4,583,069
37	421,258	4,583,067
38	427,339	4,583,014
Excluded area		
39	428,547	4,583,367
40	428,697	4,583,207
41	427,691	4,582,295
42	427,169	4,582,376

Note: The coordinate system is WGS84 UTM35N.
Source: Eastern Resources, 2022.

An annual fee is paid based on the size of the Kostilkovo Gold Property, in this case 250 lev (128 Euro) per km² as shown in Table 2, for the first extension period. The area covered by the Kostilkovo Gold Property may be abandoned earlier, or the surface holding may be reduced annually at Eastern Resources' discretion. Exploration license extensions are granted if the planned work program has been fully completed, or if a Geological Discovery (Initial Mineral Resource Estimate) has been registered with the Ministry of Energy.

Table 1 - Bulgarian permitting and fees for exploration and prospecting licenses

Type of commodity	Permission period	Allowed Extension	Allowed surface	Tax per km ²	Tax per km ²
	Years, up to	Years, up to	km ² , up to	Primary permission period	Extended period
Metalliferous Mineral Resources	3	2+2+1	200	100 Lv (51 €)	250 Lv (128 €)

Notes: Lv=Lev, € = Euro, 1 Lv ~ 0.51 €; 1Ly ~ C\$0.67.
Source: Eastern Resources, 2022/MINLEX, 2017.

Environmental Liabilities

The Kostilkovo Gold Property falls within the boundaries of a conservation area (Natura 2000 site) under the meaning of the Biological Diversity Act in the Republic of Bulgaria. Natura 2000 is a pan-European network of protected areas aimed at ensuring the long-term survival of Europe's most valuable and endangered species and habitats in accordance with national and international agreements in the field of environmental protection and biodiversity.

The "Rhodope East" protected area (official code BG0001032) is designated for the conservation of the natural habitats and wild flora and fauna under Article 6, paragraph 1, items 1 and 2 of the Biological Diversity Act. The "White River" protected area (official code BG0002019) is designated for the conservation of wild birds under Article 6, paragraph 1, Items 3 and 4 of the Biological Diversity Act. The Natura 2000 sites are designated as either habitat, birds, or both. The Kostilkovo Gold Property is designated for habitats and birds.

Having an exploration property fall within a Natura 2000 site (habitats and / or birds) does not limit exploration activity as there are procedures in place to conduct exploration. Potential mining is also not affected, as this is dealt with at the Environmental Impact Assessment (EIA) stage. The QP notes that the Ada Tepe Gold mine in Bulgaria is a Natura 2000 site for habitats.

The Bulgarian Environmental Protection Act (EPA) Chapter 6 sets out the criteria for properties subject to environmental impact assessment or ecological assessment. A notification from the Ministry of Environment and Water (No HC3II-89/23.04.2019) was issued that the overall working project for prospecting and exploration in Kostilkovo does not fall within Chapter 6 of the EPA and is not subject to environmental impact assessment or ecological assessment.

In accordance with Article 2, para. 3 of the Kostilkovo agreement, the holder of the rights shall submit to the competent bodies an overall working project for prospecting and exploration and submit a copy of the letter to the Ministry of

Energy within one month as of signing of the Kostilkovo agreement. In addition to outlining yearly working project for prospecting and exploration on the Property, it also outlined plans for recultivation of the land plots affected by the prospecting and exploration activities.

Archaeological and Heritage Considerations

An integral part of the exploration license application process in Bulgaria requires all Ministries to review the application and provide comment, if any, to the Ministry of Energy. According to the prospecting and exploration agreement concluded with the Ministry of Energy, the territories of the archeological immovable cultural sites and their protection zones, of which there are nineteen within the Kostilkovo Gold Property, should be excluded from the scope of prospecting and exploration and should not be affected in any way by the geological exploration activities.

The holder of the permit for prospecting and exploration is obliged under Article 30 of Underground Natural Resources Act of Bulgaria (“UNRA”): if discovering mineral, historical or archaeological findings having the signs of cultural valuables, to stop the work in due time and inform immediately the Minister of Energy and the Minister of Culture.

As part of a subsequent procedure for granting a mining concession, the exploration license holder shall carry out rescue archeological excavations of the archeological sites falling within the contour of the area according to Article 161, paragraph 1 of the Cultural Heritage Act.

Other Significant Factors or Risks

The author of the Kostilkovo Gold Technical Report is not aware of any additional significant factors or risks that may affect access, title, or the right or ability to perform work on the Kostilkovo Gold Property.

History

The Kostilkovo region was mapped by the Bulgarian State at a scale of 1:25,000 from 1958 to 1960 with concurrent exploration investigations for lead and zinc. Regional mapping continued during the period 1994 - 1995.

In May 2001, Hereward Ventures plc (Hereward), applied for the Rozino exploration license, which included part of the current Kostilkovo Gold Property and all of the project area. Hereward undertook exploratory drilling within the Kostilkovo Gold Property and on a gold anomaly adjacent to such property.

Hereward undertook a detailed soil geochemical survey, covering 48 km², over the Kostilkovo Gold Property. Two gold anomalies were identified, which contained gold values that attained a maximum value of >2,000 parts per billion (ppb). Additionally, Hereward sampled rock float having a maximum gold grade of 5.6 grams per tonne (g/t) gold (Au) within silicified Paleogene sediments.

In October 2001, Hereward entered a joint venture with Goldfields Limited, the principal area of focus being the adjacent Rozino Gold Project. The joint-venture arrangement was concluded in December 2003.

In November 2005 to March 2007 Hereward entered joint ventures with Ivanhoe Mines and then subsequently with Asia Gold Corp to explore the adjacent Rozino Gold Project.

Hereward changed its name to Cambridge Mineral Resources plc (“**Cambridge**”) and entered into a joint venture with Electrum Ltd. in October 2007; the focus of exploration remaining on the Rozino Gold Project. In 2014, the Chukata EL was relinquished by Cambridge, as they no longer considered the Kostilkovo Gold Property to have exploration potential.

Regional and Property Geology

The Kostilkovo Gold Property is located within the western portion of the Tethyan Belt, which extends from Europe to South-East Asia, spans 33 countries, and makes up 7.3% of the earth’s land mass. Major gold and copper deposits within the Western Tethyan magmatic belt formed during two main periods of Cretaceous and Tertiary magmatism.

The Cretaceous deposits are dominantly copper-gold porphyry and high-sulphidation epithermal systems, whereas the Tertiary deposits display greater deposit diversity and can include low to intermediate sulphidation epithermal systems together with copper-gold porphyry systems and carbonate replacement systems.

The Kostilkovo Gold Property is located within the Tertiary-age segment of the Western Tethyan magmatic belt and more specifically within the Eastern Rhodope metallogenic province. This province contains numerous sedimentary rock-hosted low-sulphidation epithermal systems (quartz-adularia-illite vein systems) of which the best known is the Ada Tepe gold deposit, located 3 km south-east of the town of Krumovgrad.

Rocks associated with the Property formed within the Eastern Rhodope metallogenic province, which underwent extension and metamorphic core complex formation within a back-arc environment. This was followed by normal faulting, basin subsidence and voluminous volcanic eruptions during Maastrichtian-Oligocene. During this period of volcanic eruption, the nature of the magma progressively evolved, from calc-alkaline to shoshonitic andesitic to rhyolitic.

Crustal extension within the Property area was dominated by the detachment bounded Biala Reka metamorphic core complex. This structure exposes a crustal section that includes the following tectonostratigraphic units from the structural base to the top:

1. A lower high-grade metamorphic unit (gneisses, mica-schists and amphibolites).
2. An upper high-grade metamorphic basement unit (amphibolites, calc-schists and marbles).
3. A low-grade metamorphic unit consisting of Mesozoic rocks of continental margin and intra-oceanic affinity.
4. A sedimentary and volcanogenic unit of Maastrichtian / Paleocene-Miocene syn- and post-tectonic cover sequences.

At the base of unit 4, Maastrichtian-Paleocene to Middle Eocene clastics, sedimentary breccias, and conglomerates form part of a syn-tectonic hangingwall suite of supra-detachment half grabens, which occur in faulted contact with the detachments that bound the metamorphic core complexes. They are also limited by graben-bounding faults and are found lying unconformably over the high-grade metamorphic basement units.

Stratigraphically upwards, Middle Eocene clastics are conformably overlain by Upper Eocene-Oligocene clastic rocks, conglomerates, and carbonate-rich sedimentary rocks, which mark a renewed cycle of continental, fresh water to marine sedimentation. They were accompanied by regionally widespread, late Eocene-Oligocene volcanic edifices and sedimentary-volcanogenic successions (Bonev et al., 2013).

Local and Project Geology

The Kostilkovo Gold Project is interpreted by Eastern Resources to host a large (10 km²) hydrothermal system, containing abundant evidence for low-sulphidation epithermal mineralization, set primarily within a supra-detachment sedimentary graben, located on the northeastern flank of the Biala Reka metamorphic core complex within the Eastern Rhodope metallogenic province.

Detailed geological mapping of the Project by Eastern Resources has confirmed that the hydrothermal system is primarily hosted within the Krumovgrad Group of sedimentary rocks (breccio-conglomerates, conglomerates, and sandstones) of Maastrichtian / Paleocene-Eocene age.

Epithermal mineralization recognized to date is dominated by surface quartz-adularia-illite vein float material. In general, outcropping mineralization is poorly represented. Given the well-developed incised topography over the Kostilkovo Gold Project area, Eastern Resources concludes that the identified zones of significant quartz float accumulations must have been derived from the immediate vicinity.

Quartz, chalcedony, adularia (K feldspar), and illite, together with lesser calcite and pyrite (<1 vol. %), are the main hydrothermal minerals. Gold and silver are likely present as electrum. Primary hydrothermal textures recognized from surface quartz vein float material are dominated by crustiform, colloform, cockade and comb forms, together with lattice (±ghost) bladed quartz-replacement textures.

Eastern Resources has not found in situ evidence of any geothermal discharge products i.e., hydrothermal eruption breccia, or siliceous sinter. However, within the northern portion of the Izvorite prospect area, and located at higher elevations, silicified, dark, fine-grained sediments to hydrothermal chert float material have been identified containing gastropod, coralline algae, and macrofossil detritus in mounds. This material has subsequently been crosscut by bluish opaline silica veinlets in places.

Mineralization

The Kostilkovo Gold Property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence, and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are located in sedimentary rocks, spatially associated with detachment faulting and half graben formation, and these Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

Evidence of a paleogeothermal system on the Kostilkovo Gold Property has been identified through the presence of abundant quartz-adularia-illite vein float material occurring within mapped upflow zones and associated with minor amounts of gold mineralization.

Deposit Types

Quartz-adularia-illite vein systems (low-sulphidation epithermal)

Epithermal precious metal deposits form in the shallow parts of volcanic fields, including associated volcano-sedimentary basins, typically at paleodepths of less than one kilometer. Hence, many are accompanied by surface and near-surface hydrothermal manifestations albeit generally devoid of economic precious metal concentrations (Sillitoe, 2015).

Quartz-adularia-illite epithermal mineralization is distinguished by its intimate association with quartz \pm calcite \pm adularia \pm illite that forms from the near-neutral pH chloride waters in extinct geothermal systems. Quartz and / or chalcedony dominate, accompanied by lesser and variable amounts of adularia, calcite, pyrite, illite, chlorite \pm gold, and silver.

These types of deposits are characteristic of rift settings (back-arc) in which bimodal (basalt-rhyolite) volcanism and fluvio-lacustrine sedimentation are commonplace. Metal often occurs in veins and stockworks, making up subvertical fractures.

Quartz-adularia-illite vein systems are also distinguished by their gangue mineral textures. Crustiform banded quartz is common, typically with interbanded, discontinuous bands of sulphide minerals (mainly pyrite) and / or selenide minerals, adularia and / or illite. At relatively shallow depths, the bands are colloform in texture and millimeter-scale, whereas at greater depths, the quartz becomes more coarsely crystalline. Lattice textures, comprised of platy calcite and its quartz pseudomorphs, occur as open-space filling in veins and, along with vein adularia, indicate boiling fluids of near-neutral pH (Simmons et al., 2005).

Breccias in veins and subvertical pipes commonly show evidence of multiple episodes of formation. They comprise jumbled angular clasts of altered host rock and earlier vein fill, supported by a matrix of mainly quartz, calcite and / or adularia and sulfide minerals, suggesting rapid pressure release and violent formation that can be ascribed to seismicity and hydrothermal eruptions (Simmons et al., 2005).

Among the most important processes affecting metal accumulation in quartz-adularia-illite vein systems are metal transport and deposition, and the formation of orebodies over a restricted vertical interval, a few hundred meters maximum. Metal precipitation is due to focused fluid flow within a well-developed permeability fabric ('upflow

zone') and boiling ± mixing. Boiling is a highly efficient mechanism for removing most gold and silver from solution. Boiling also causes precipitation of adularia, platy calcite, and colloform-banded, amorphous silica.

Common paleosurface discharge products associated with quartz-adularia-illite vein systems are sinters, hydrothermal explosion breccias (also referred to as phreatic breccias) and steam-heated alteration located above the paleo-water table.

Eastern Rhodope quartz-adularia-illite geothermal systems

Quartz-adularia-illite paleogeothermal systems are known from throughout the Eastern Rhodope metallogenic province and are peculiar in that they have no association with volcanic activity i.e., they have formed pre-volcanism and are commonly hosted within sedimentary rocks and / or metamorphic basement rocks.

Within the Eastern Rhodope metallogenic province the known sedimentary rock-hosted gold deposits and / or occurrences represent the oldest known Tertiary mineralization event, and they are dominantly hosted by Maastrichtian-Paleocene, supra-detachment sedimentary rocks (Krumovgrad Group) and include:

- Ada Tepe gold deposit
- Rozino gold deposit
- Stremtsi occurrence

The age of these deposits is clearly constrained as Late Eocene (35.36 ± 0.21 Ma to 34.71 ± 0.16 Ma (Ada Tepe), 36.45 ± 0.25 Ma (Rozino) and 37.51 ± 0.31 Ma (Stremtsi) (Marchev et al., 2004, Márton et al., 2010, Moritz et al., 2010).

The nearest volcanic complex to Kostilkovo is Madjarovo, approximately 25 km to the north-west, where volcanic activity began ~32.7 Ma and terminated ~500 ka later (Marchev and Singer, 2002). Thus, geothermal activity at Rozino can preclude both Iran Tepe and Madjarovo as a potential heat source. The Kostilkovo Gold Project has no known age constraints. The regional heat accumulated during supra-detachment sedimentary graben formation; the high thermal heat flow due to ongoing crustal extension, together with potentially contemporaneous magmatism (at depth), remain feasible mechanisms for the development of generating large geothermal systems within the Eastern Rhodope metallogenic province during the Late Eocene.

The Kostilkovo fossil geothermal system was a boiling hydrothermal system hosted by a sequence of Maastrichtian / Paleocene-Eocene sedimentary rocks (Krumovgrad Group) and Paleozoic metamorphic rocks located on the northeastern margin of the large Biala Reka metamorphic core complex.

Exploration

Exploration on the Kostilkovo Gold Property has focused on the Kostilkovo Gold Project area, which had been demonstrated from the work of previous operators to be prospective, and specifically within six principal prospect areas. Activities by Eastern Resources have included the following:

- Compilation and assessment of historical exploration data.
- Handheld radiometric surveys.
- Limited 1:25,000 mapping and prospecting of the Property, and 1:5,000 scale geological mapping of the Project area.
- Geological prospecting, including gold panning and rock / float sampling.
- Excavation and sampling of 24 trenches, for a total length of 1,161 metres (m), and 42 assays.
- Drilling of 19 diamond drillholes for a total of 2,331 m and 126 assays.

Assaying has been conducted through the SGS Bor laboratory in Serbia, primarily focused on gold by fire assay, supported by Inductively Coupled Plasma Mass Spectrometry (ICP-MS) assaying of suites of additional elements.

Sample preparation and assaying have been accompanied by quality assurance and quality control (“QA/QC”) procedures, using certified reference standards, field duplicates and an umpire laboratory. The Qualified Person has reviewed the sampling and QA/QC procedures and considers them to be of good industry standard.

Eastern Resources has conducted a first pass investigation of the leaching behaviour of selected quartz-chalcedony float material spatially across one prospect area. All samples were ground to P₈₀ 75 microns (µm) then subjected to a 500 gram (g), agitated CN bottle roll with pH 10 and excess NaCN. Solution samples were assayed for Au and Ag after 2, 6, 12, 24, and 48 hours.

The initial program was designed to ensure maximum recoveries of Au and Ag. Gold recoveries were >92% after 24 hours and Ag recoveries were >93% for five of the seven samples tested. The high gold recoveries support an initial assessment that the samples tested are not refractory or include only minor quantities of refractory material.

Drilling

Eastern Resources has completed 19 diamond drillholes in two prospect areas for a total of 2,331 m. Figure 2 below shows the location of the Eastern Resources drillhole collars, as well as the two holes drilled by Hereward. Table 4 below is a summary of the drillholes completed by Eastern Resources on the Kostilkovo Gold Property.

A summary of the relevant intersections of interest is as follows:

- Izvorite prospect area:
 - Fifteen drillholes for 1,783 m.
 - Eight samples returned values greater than 0.1 g/ Au.
 - KKDD010: One significant intersection from 168 m of 2.0 m at 1.02 g/t Au, 8.3 g/t Ag.
- Runkite prospect area:
 - Four drillholes for 548 m, all of which intersected alteration.
 - No significant assay intersections.

The relationship between the sample length and the true thickness of the mineralization is not known.

Table 2 - Summary of Eastern Resources drilling information

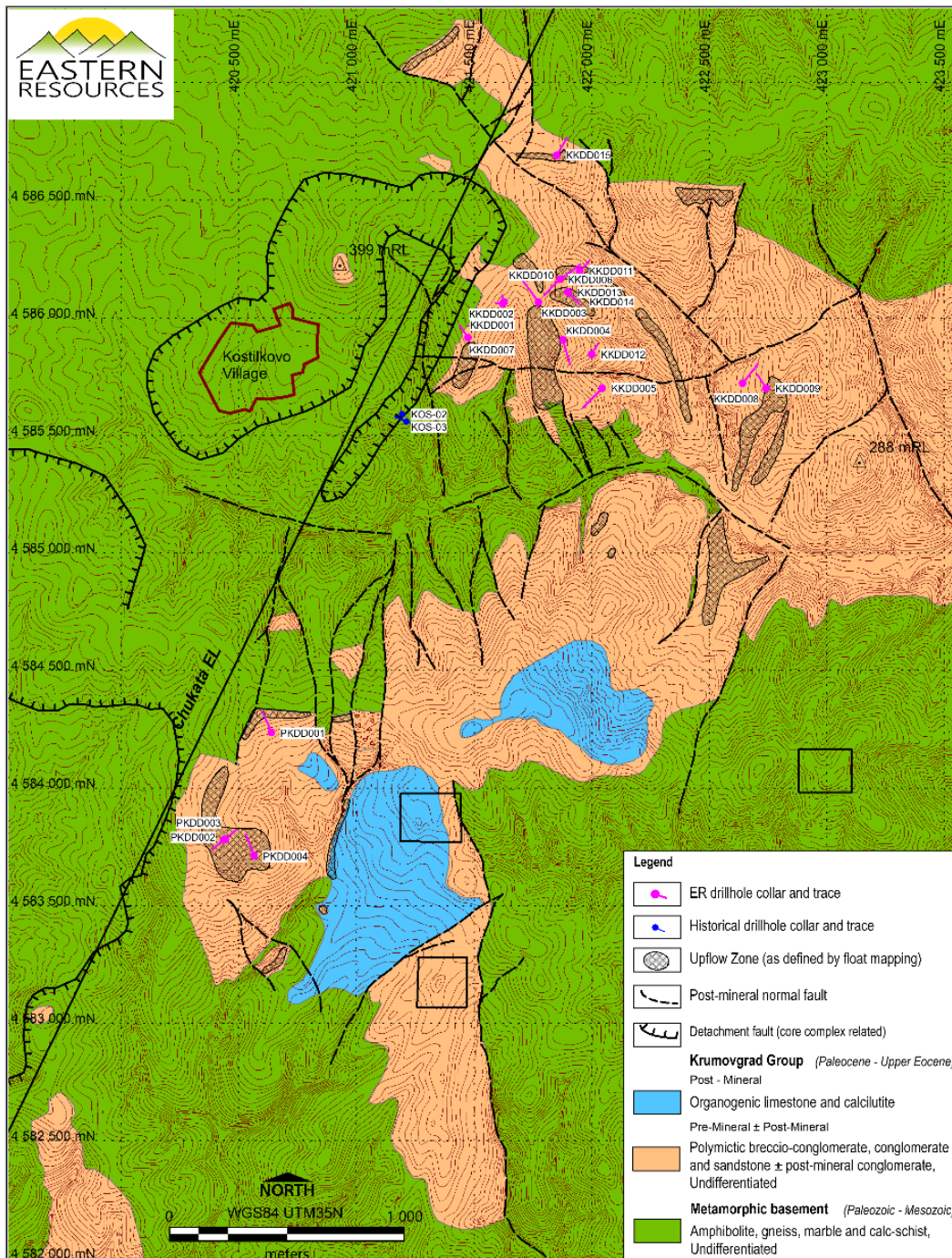
HOLEID	Prospect	Easting	Northing	Elevation	Depth	Azim	Dip	Diameter (m from-to)		Recovery %
								PQ	HQ3	
KKDD001	IZ	421622	4586060	328	46.2	277.7	-46.3	0 - 12.0	12.0 - 46.2	92
KKDD002	IZ	421628	4586067	328	45.5	342.5	-45.0	0 - 12.1	12.1 - 45.5	90
KKDD003	IZ	421774	4586066	333	167.6	325.1	-46.4	0 - 12.2	12.2 - 167.6	90
KKDD004	IZ	421878	4585906	316	160.4	165.1	-45.5	0 - 11.8	11.8 - 160.4	91
KKDD005	IZ	422045	4585701	265	167.3	225.1	-44.5	0 - 12.2	12.2 - 167.3	83
KKDD006	IZ	421865	4586165	322	140.9	224.9	-44.7	0 - 6.0	6.0 - 140.9	92
KKDD007	IZ	421475	4585916	340	92.1	325.1	-45.2	0 - 9.0	9.0 - 92.1	89
KKDD008	IZ	422642	4585722	245	201.5	40.0	-58.0	0 - 21.5	21.5 - 201.5	95
KKDD009	IZ	422742	4585700	263	107.7	327.9	-49.0	0 - 15.9	15.9 - 107.7	90
KKDD010	IZ	421868	4586165	330	197.7	53.7	-58.2	0 - 12.9	12.9 - 197.7	88
KKDD011	IZ	421950	4586200	310	112.8	43.6	-58.2	0 - 10.0	10.0 - 112.8	93
KKDD012	IZ	422000	4585845	285	98.7	30.7	-57.9	0 - 13.5	13.5 - 98.7	92
KKDD013	IZ	421901	4586108	315	7.2	315.2	-48.0	0 - 7.2		89
KKDD014	IZ	421899	4586110	315	113.5	136.2	-48.1	0 - 9.1	9.1 - 113.5	90
KKDD015	IZ	421852	4586691	350	124.0	29.5	-46.5	0 - 9.8	9.8 - 124	92
PKDD001	RU	420639	4584237	343	174.1	336.3	-58.7	0 - 18.1	18.1 - 174.1	85
PKDD002	RU	420436	4583780	332	114.8	230.3	-57.7	0 - 9.9	9.9 - 114.8	93
PKDD003	RU	420444	4583783	332	113.2	47.4	-57.9	0 - 9.7	9.7 - 113.2	91
PKDD004	RU	420566	4583713	308	146.1	337.8	-47.7	0 - 12.6	12.6 - 146.1	92

Notes:

IZ = Izvorite
 RU = Runkite
 Source: Eastern Resources, 2022.

Drilling-related field activities conducted by Eastern Resources are detailed in a set of standard procedure documents that have been made available to the QP. These documents describe procedures that are considered by the QP to be consistent with good industry standards.

Figure 4 – Eastern Resources and Hereward (historical) drillhole locations



Source: Eastern Resources 2022.

Drilling method

All drilling carried out on the Kostilkovo Gold Property is diamond core drilling.

The core size used in the Hereward drilling is unknown. Downhole surveys are recorded at surface and at the end-of-hole, with two intermediate recordings for KOS-03 at 30 m and 60 m. The survey methods for collars and downhole are unknown.

Eastern Resources commenced each hole using PQ-size (83.1 mm) which was reduced to HQ3 core size (63.5 mm) at depth.

Collar positions were recorded using handheld GPS instruments, while Eastern Resources utilized a mix of magnetic or gyroscopic tools for downhole surveys. Downhole measurements were recorded mostly at 30 m intervals (60%), with around 20% of intervals at 15 m or less, and 12% at approximately 50 m.

Core recovery is generally good, with records showing 60% of core to be 100% recovered. A further 35% of measurements are between 80% and 100% recovered. Averages by hole are shown in Table 4.

Core logging and photography

Core was logged by Eastern Resources geologists on 1.0 m intervals, with the following information being recorded:

- Lithology, weathering, alteration, veining, and moisture content.
- Presence of cavities.
- Structural logging (alpha / beta / gamma measurements for planar and linear features within intervals of orientated core).
- Summary geotechnical logging.

The QP has reviewed the Excel™ spreadsheet databases provided by Eastern Resource and confirms that data has been recorded following the procedures and protocols provided to AMC.

Sampling, Analysis and Security

The sampling procedure followed by Eastern Resources was as follows:

- Core is marked up for sampling at 1.0 m intervals, commencing from surface.
- Samples designated for assaying are selected on the basis of visual assessment of the gold mineralization potential of the core, according to the style of mineralization model being employed.
- The total length of core recovered per metre is recorded, as a basis for calculating percentage recovery per metre.
- Core is cut along the orientation line, with the left-hand half looking downhole retained in the core tray.

A total of 126 samples were selected for assaying, as summarized by drillhole in Table 5. Selection has focused on evidence of quartz veining and in particular chalcedonic quartz or in situ quartz-adularia, or mineralized basement, or in the case of KKDD006 green sandstone within disseminated pyrite/marcasite. Eastern Resources plans to subsequently assay the current drillhole set more extensively on the grounds that gold mineralization may not always coincide with visual expectations.

Of the selected samples, all 126 were submitted for assaying for gold, while 101 were assayed for 36 elements, and 25 for 52 elements.

Table 3 – Samples selected for assaying

HOLEID	Samples	HOLEID	Samples	HOLEID	Samples
---------------	----------------	---------------	----------------	---------------	----------------

KKDD001	1	KKDD008	14	KKDD015	1
KKDD002	3	KKDD009	3	PKDD001	-
KKDD003	16	KKDD010	5	PKDD002	-
KKDD004	33	KKDD011	-	PKDD003	-
KKDD005	3	KKDD012	2	PKDD004	-
KKDD006	38	KKDD013	14		
KKDD007	7	KKDD014	3		

Sample security

Prior to submission to the laboratory all samples are maintained in a secure core shed / storage facility that maintains 24-hour security, with no unauthorized access unless accompanied by a Company representative.

Figure 3 below shows the storage facility for core drilled by Eastern Resources.

Sample preparation and analysis

The following sample preparation procedure was followed:

- All drill samples are dried at 105°C for a period of not less than 12 hours.
- Prior to pulverization, diamond core samples are first crushed to a nominal -6 mm. Following crushing, all samples above 4.5 kilograms (kg) (PQ samples) are riffle-split (coarse reject is retained for future use).
- All diamond core samples are pulverized in a LM5 crusher to 95% passing 75 µm.
- Sieve screen tests are performed on every 20th pulverized sample.
- The bowl and puck of the LM5 crusher are routinely cleaned with barren flush material every 20th sample, or as required, to remove the build-up of fine rock material.

Figure 5 – Stored drill core



Source: Eastern Resources, 2022.

All assaying, including of rock chip and trench samples, is undertaken by the SGS Bor laboratory, located in eastern Serbia, which is independent of Eastern Resources. The SGS Bor laboratory is owned by Dundee Precious Metals Inc. (DPM), however SGS Bulgaria manage and operate it on their behalf. The laboratory is not accredited, but all SGS accredited methods and protocols are implemented and used.

Gold is assayed using fire assay (Method FAA505) with an atomic absorption spectrometry (AAS) finish. Multi-element data is assayed by Inductive Coupled Plasma (Method IMS14B).

Table 6 below shows the SGS Bor laboratory detection limits. Any silver assays returning values above 10 g/t are re-assayed using the AAS15Q method. Within each batch of 50 samples internal lab QA/QC checks consist of three repeats, three second splits, two standards, and one blank.

Table 4 – SGS Bor lab detection limits

Lab	Detection limits				Overlimit protocols	
	Au		Ag		Au	Ag
	LDL	UDL	LDL	UDL		
SGS Bor lab	0.01 g/t	1,000 g/t	0.05 g/t	10 g/t	Unspecified	AAS after Aqua Regia Digest

Notes: LDL=lower detection limit. UDL=upper detection limit.
Source: Compiled by AMC from data provided by Eastern Resources.

Data Verification

The QP visited the Property on May 15 and 16, 2022.

The objective of the site visit was to review the field locations of geological mapping, trenching, float sampling, and exploration drilling that had been undertaken by Eastern Resources. Eastern Resource’s field work was focused on the examination of type-outcrops and geology present on the EL. As observed by the QP, no fieldwork or drilling activities were being conducted at the time of the visit.

To fulfil the proposed work, the following activities were undertaken:

- An orientation survey of the EL, on foot and by vehicle.
- Inspection of local infrastructure and access to field sites.
- Notes and photographs of type-outcrops.
- Inspection of trenches excavated by Eastern Resources, with locations validated using a handheld GPS.
- Inspection of collar locations of exploration holes drilled by Eastern Resources, with locations validated using a handheld GPS.
- Inspection of core from drillholes drilled by Eastern Resources.
- On-site discussions with Mr. Sean Hasson (Executive Director Exploration, Eastern Resources) and Mathias Knaak (Structural Geologist, Domlogic Geoservice), regarding mapping methodologies used, the logic of the proposed geological model, and how the model can be applied to the planned exploration program.
- Discussions regarding procedures followed by Eastern Resources when mapping, taking grab, and rock chip samples.
- Discussions regarding procedures followed by Eastern Resources in relation to exploration drilling, logging, and sampling procedures.

The QP reviewed the standards and procedures documentation provided by Eastern Resources and considers that the exploration activities on the Kostilkovo Gold Property were undertaken in line with industry accepted practice.

The QP reviewed the diamond drill core at a storage facility at GEOPS Bolkan Drilling Services². The QP took photographs of the core in the storage facility, where it has been packed in pallets and shrink-wrap sealed. The QP is satisfied that the core was intact at the time of the site visit and had been appropriately preserved.

Assay data verification

The QP supervised a cross-check of 24% of the assay results for gold and silver from an Eastern Resources database export with analytical results on the original assay certificate. Checks focused on two drillholes KKDD003 and KKDD010.

The result of the verification is presented in Table 7.

Table 5 - Assay verification results (drilling 2019 - 2020)

Year	Total samples	# samples selected for verification	Assays confirmed ¹	Errors noted ₂	Certificate error ³	% samples verified
2019/2020	126	30	30	0	0	24

Notes:

¹ Assay results match certificate ignoring minor rounding and truncation discrepancies.

² Assay value does not match certificate by more than 1 g/t Ag or 0.01 g/t Au.

³ Certificate reference number in the database incorrect.

The QP makes the following observations based on the data verification undertaken:

- Cross-checking of original assay results with the drilling database noted no errors out of 30 samples verified representing an error rate of 0%.
- Eastern Resource's export of data from their acQuire Database did not include assay batch numbers. The QP is unclear if this is a function of the export into Excel or a true omission. The QP recommends that all assays in the database have a corresponding assay batch number.

Mineral Processing and Metallurgical Testing

During 2016, Eastern Resources selected seven quartz-adularia-illite vein float rock chip samples from the Izvorite and Chiflika prospect areas for preliminary investigative leaching behavior. The samples were selected with the objective of obtaining a spread across the grade range and spatially throughout the prospect areas (see Figure 4).

The objective of the program was twofold 1) to satisfy Eastern Resources that the gold mineralized vein float material identified within the Project area to date did not behave in a refractory manner so as to 2) inform Eastern Resource's due diligence program in support of submitting a competitive tender bid to the Ministry of Energy for the acquisition of the Kostilkovo Gold Property.

Samples were sent by SGS Bor laboratory, Serbia, under chain of custody to SGS Welshpool (Perth), Australia for testwork.

- All samples were ground to P₈₀ 75 µm then subjected to a 500 g, agitated CN bottle roll with pH 10 and excess NaCN.
- Solution samples were assayed for Au and Ag after 2, 6, 12, 24, and 48 hours.
- The testwork was designed to ensure maximum recoveries of Au and Ag.

Reaction kinetics and consumption rates will be investigated at a later stage.

The rock chip and test work sample numbers are presented in Table 8.

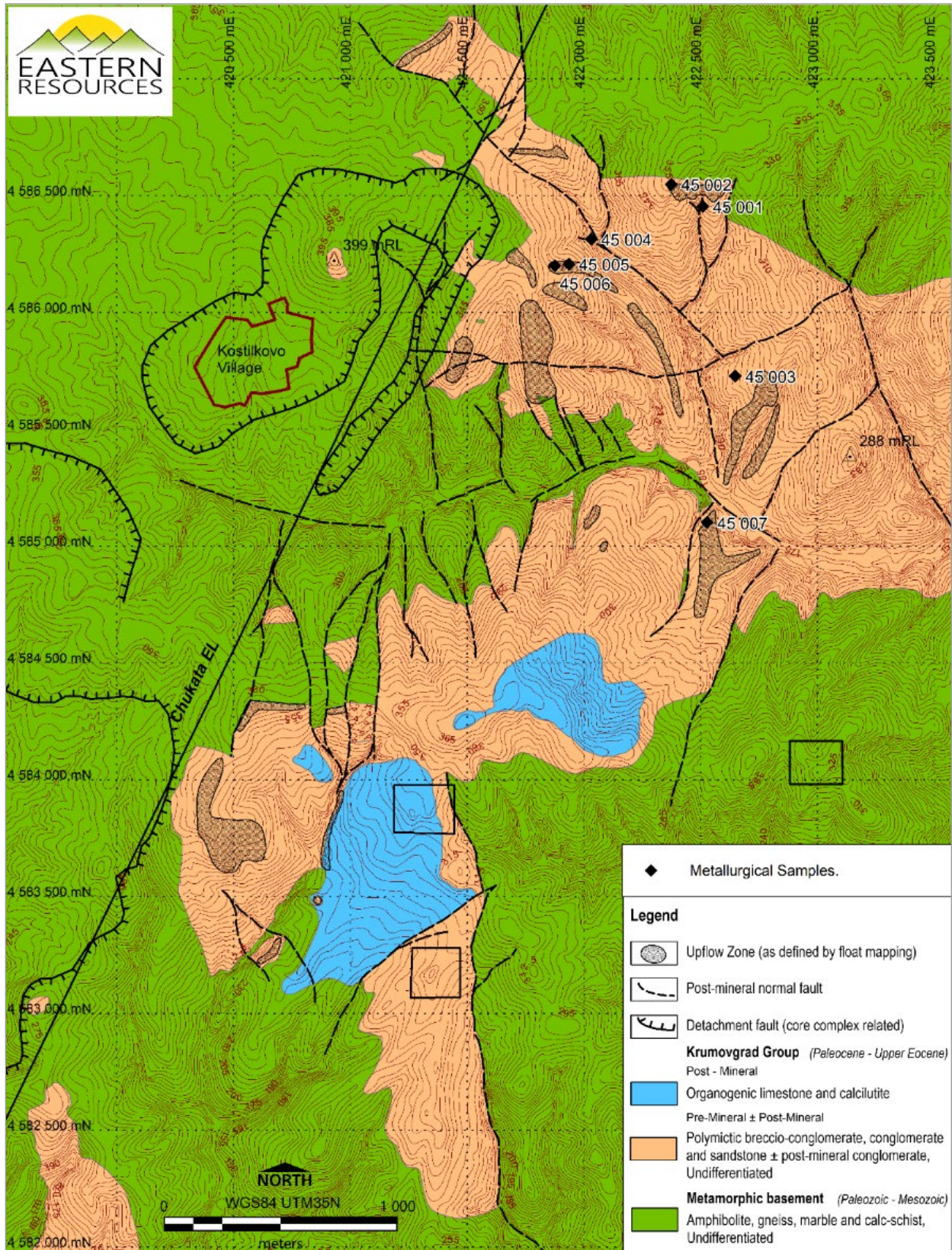
² Address: 105 Zaharia Street, Neighbourhood Dolni Voden, Assenovgrad, Bulgaria.

Table 6 - Rock chip and test work sample numbers

Rock chip sample number	Test work sample number
150007	45001
150010	45002
150019	45003
45922	45004
45925	45005
150046	45006
45914	45007

Source: Eastern Resources, 2016.

Figure 6 – Eastern Resources metallurgical test work sample location map



Source: Eastern Resources, 2022.

Table 7 - SGS Welshpool test work results for gold

		Extracted grade (g/t)	Residue grade (g/t)	Calc. head grade (g/t)	Assayed head grade (g/t)	Residue analysis (g/t)	Recovery % 24 hr	Recovery % 48 hr
45001	Au	0.26	0.02	0.28	0.24	0.02	92.8	92.8
45002	Au	0.31	0.01	0.32	0.26	0.01	96.9	96.9
45003	Au	2.08	0.06	2.14	2.09	0.06	95.7	97.2
45004	Au	1.81	0.11	1.92	1.65	0.11	92.2	93.9
45005	Au	39.11	0.14	39.25	30.85	0.13	99.1	99.7
45006	Au	1.14	0.06	1.19	1.09	0.06	95.1	95.1
45007	Au	77.90	1.03	78.93	82.10	1.03	98.7	98.7

Table 8 - SGS Welshpool test work results for silver

		Extracted grade (g/t)	Residue grade (g/t)	Calc. head grade (g/t)	Assayed head grade (g/t)	Residue analysis (g/t)	Recovery % 24 hr	Recovery % 48 hr
45001	Ag	23.10	1.30	24.40	25.00	1.30	94.5	94.7
45002	Ag	10.00	1.45	11.50	11.80	1.45	86.9	87.4
45003	Ag	41.50	2.07	43.60	49.20	0.06	95.3	95.3
45004	Ag	1.12	0.90	2.02	1.46	0.90	54.6	55.4
45005	Ag	19.62	1.02	20.64	17.20	1.02	93.1	95.1
45006	Ag	142.55	6.99	149.54	144.00	6.99	95.3	95.3
45007	Ag	31.20	0.81	32.01	28.70	0.81	95.0	97.5

Source: Eastern Resources, 2016.

Table 11 summarizes gold recoveries after 24 hours.

Table 9 - 24-hour gold recoveries

Sample sub-set	Number	From (%)	To (%)
All samples	7	>92.2	
Head grade <2.09 g/t	5	92.2	96.9
Head grade >2.09 g/t	2	>98.7	

There is insufficient data to define gold recoveries with acceptable uncertainty. The QP notes that additional test work is required to define the gold recovery variability that occurs at gold grades of <2.09 g/t, as well as to confirm the recoveries for gold grades >2.09 g/t.

Silver recoveries exhibit a monotonic relationship with silver grade and 24-hour recoveries over 93% for silver > 17 g/t. Below this silver grade, recoveries decline rapidly.

The high gold recoveries support an initial assessment that the samples tested are not refractory or include only minor quantities of refractory material.

Sample representativity

The QP notes that the samples tested are limited to a single lithology. Future metallurgical test work samples should be selected to include other lithologies to explicitly test for the presence of gold and silver. Future samples should also be selected to provide representativity of grade variability, geospatial variability, mineralogical, and metallurgical property variability.

Other factors

The QP notes that the samples tested have high recoveries and therefore may be free milling, however it is advised that gravity recovery gold tests and gold department analysis be undertaken to validate the bottle roll direct cyanidation leach tests.

To the QP's knowledge, assays of the cyanidation test leach liquor to confirm the level (or absence) of penalty or deleterious elements have not been undertaken. Future test work must include the determination of elements leached during cyanidation that may concentrate in the leach liquors, to assess their potential impact.

Exploration, Development and Production

Please refer to “Part V – Information Concerning the Resulting Issuer – Narrative Description of the Business” for more information on the proposed exploration and development of the Kostilkovo Gold Property.

Kutel Gold Property

Upon completion of the acquisition of the Kutel Gold Property, the Kutel Gold Property would form the qualifying property of St Charles.

The following is a summary of information derived from the Kutel Gold Technical Report regarding the Kutel Gold Property, St Charles' qualifying and material property. The summary of the Kutel Gold Report contained in this Filing Statement has been reviewed and approved by Mark Burnett, CGeol (UK), EurGeol (Europe) of AMC Consultants (UK) Limited, who is an independent of Eastern Resources, within the meaning of NI 43-101. The full Kutel Gold Technical Report has been filed on SEDAR at www.sedar.com in conjunction with this Filing Statement. Readers are encouraged to review the Kutel Gold Technical Report in its entirety.

Project Description, Location and Access

The Kutel Gold Property is located in the south-east of Bulgaria, in the Rhodope mountain range, approximately 150 kilometres (km) to the south-east of Sofia, the capital of Bulgaria. The Kutel Gold Property can be accessed from the village of Pavelsko, Smolyan District, of south-central Bulgaria, by paved and / or gravel roads. Access on the Kutel Gold Property is via a series of untarred forest access roads.

Eastern Resources applied to the Ministry of Energy for the exploration licence in 2016; with final approval being granted in late 2018 via Decision No. 491. The agreement between Eastern Resources and the Ministry of Energy came into force on the December 21, 2020. The exploration license covers an area of 24.4 km² and allows for prospecting and exploration of metallic minerals in the Kutel area, Chepelare municipality (Smolyan region) and the Laki municipality (Plovdiv region) of Bulgaria.

The initial agreement is valid for a period of three (3) years from December 21, 2020, and may be extended for two (2) two-year periods after that.

Accessibility

The Kutel Gold Property is accessed via a National paved highway from Sofia to Plovdiv (150 km), followed by another 50 km on provincial paved roads through Assenovgrad and up the Chepelare valley to the village of Pavelsko. Access to the Kutel Gold Property from the village of Pavelsko is first via paved and / or gravel roads and then by foot as necessary. A series of forest tracks cross the Kutel Gold Property which provide reasonable access.

Mineral Tenure

The Kutel Gold Property comprises a single Exploration License, encompassing an area of 24.4 km² which is centered approximately at 315,000 mE and 4,633,000 mN (WGS84, UTM35N) and referred to as the “Kutel EL”. Eastern Resources applied to the Ministry of Energy for the Kutel EL in 2016 and was awarded it via Decision No. 491 on

October 2, 2018. The agreement between Eastern Resources and the Ministry of Energy came into force on the December 21, 2020.

The Kutel EL allows for prospecting and exploration of metallic minerals in the Kutel area, Chepelare municipality (Smolyan region) and in the Laki municipality (Plovdiv region) of Bulgaria. The Property is 100% owned by Eastern Resources, with the Kutel EL being valid for an initial period of three years from December 21, 2020, until December 21, 2023. Upon expiration of the initial term, the holder of the right is entitled to request up to two (2) extensions for up to two (2) years each and a final one-year term may be granted providing that a Geological Discovery (Initial Mineral Resource Estimate) has been registered on the property.

An annual fee is paid based on the size of the Kutel Gold Property, in this case 100 lev (51 Euro) per km² as shown in Table 12. The area covered by the Kutel Gold Property may be abandoned earlier, or the surface holding may be reduced annually at Eastern Resource's discretion. Exploration license extensions are granted if the planned work program has been fully completed, or if a Geological Discovery (Initial Mineral Resource Estimate) has been registered with the Ministry of Energy.

Table 10 - Bulgarian permitting and fees for exploration and prospecting licenses

Type of commodity	Permission period	Allowed Extension	Allowed surface	Tax per km ²	Tax per km ²
	Years, up to	Years, up to	km ² , up to	Primary permission period	Extended period
Metalliferous Mineral Resources	3	2+2+1	200	100 Lv (51 €)	250 Lv (128 €)

Notes: Lv=Lev, € = Euro, 1 Lv ~ 0.51 €; 1Lv ~ C\$0.67.

Source: Eastern Resources, 2022 / MINLEX, 2017.

Table 12 lists the EL boundary in UTM coordinates.

Table 11 - Co-ordinates of boundary of Kutel EL (Decision No. 491, UTM coordinates)

Point number	Easting (m)	Northing (m)
1	310,603	4,633,938
2	313,420	4,633,874
3	313,613	4,635,147
4	315,183	4,636,880
5	317,311	4,636,835
6	317,751	4,636,212
7	317,011	4,633,802
8	315,153	4,632,456
9	315,620	4,631,251
10	314,413	4,630,089
11	312,591	4,630,126
12	312,592	4,632,206
13	310,598	4,632,544

Note: The coordinate system is WGS84 UTM35N.

Source: Eastern Resources, 2022.

The land surface rights within the Kutel Gold Property are variously held by the State Forestry Department, the local municipalities, or are privately owned. There are well documented procedures for applying for permissions to use the land for exploration purposes in all cases.

Eastern Resources is currently completing all access agreements for initial exploration drilling. This drilling falls within local municipality ground and that held by private individuals.

Royalties

In consideration of the right to exploit a concession in Bulgaria, a provision may be made for an obligation by the concessionaire to pay a concession royalty to the concession granting authority (BG Concession Act, 2013).

Mineral royalties payable to the Government of Bulgaria and are determined via a sliding scale based on profitability and range between 0.8% to 4% of the gross metal value.

There are no back-in right, payments or other agreements and encumbrances to which the Kutel Gold Property is subject.

Required Permits

The Kutel EL permits Eastern Resources to explore and prospect for metalliferous mineral resources in the Kutel EL area, located in the territory of Dryanovo village, Yugovo village and the town of Lucky, municipality Lucky, Plovdiv region and Pavelsko village, municipality of Chepelare, Smolyan region, Bulgaria. In particular, Eastern Resources is entitled, among others, to: (i) carry out all activities permitted under the Kutel EL aimed at discovering a deposit of metal underground resources in accordance with Bulgarian law; (ii) carry out an assessment of a deposit of underground resources which the Kutel EL encompasses, including through mining for technological tests; (iii) declare the discovery with a trade nature for the purpose of registration and to expand the area for the purpose of comprehensive evaluation of the discovery; (iv) obtain a concession for extraction in accordance with the requirements under UNRA; (v) in the case of granting a mining concession and after making the concession payment, to recover the actual costs, expenses and obligations that Eastern Resources incurred for the execution of the prospecting and exploration activities (except for the application fee and annual fee for the area, along with any other state fees) from the income derived from the extracted quantities of metal underground resources; (vi) use, for the duration of the permit, geological and technical documentation and information stored in the National Geological Fund of Bulgaria; and (vii) transfer the rights and obligations arising from the permit in whole or in part to a third party with the permission of the Minister of Energy.

Upon discovery of underground natural resources, Eastern Resources is required to inform competent bodies about such discovery and present information required under Article 13 of UNRA to the National Geological Fund. Eastern Resources is required to stop work on the Kutel Gold Property in the event that it discovers mineral, historical or archaeological findings which indicate signs of cultural valuables.

Environmental Liabilities

The Kutel Gold Property falls within the boundaries of a conservation area (Natura 2000 site) under the meaning of the Biodiversity Act in the Republic of Bulgaria. Natura 2000 is a pan-European network of protected areas aimed at ensuring the long-term survival of Europe's most valuable and endangered species and habitats in accordance with national and international agreements in the field of environmental protection and biodiversity.

The "Central Rhodope" protected area (official code BG0001031) is designated for the conservation of the natural habitats and wild flora and fauna under Article 6, paragraph 1, items 1 and 2 of the Biological Diversity Act. The Natura 2000 sites are designated as either habitat, birds, or both. The Kutel Gold Property is only designated for habitats.

Having an exploration property fall within a Natura 2000 site (habitats and / or birds) does not limit exploration activity as there are procedures in place to conduct exploration. Potential mining is also not affected as this is dealt with at the Environmental Impact Assessment ("EIA") stage. The QP notes that the Ada Tepe Gold mine in Bulgaria is a Natura 2000 site for habitats.

The Bulgarian Environmental Protection Act ("EPA") Chapter 6 sets out the criteria for properties subject to environmental impact assessment or ecological assessment. A notification from the Ministry of Environment and Water (No HC3II-632/21.12.2020) was issued that the overall working project for prospecting and exploration in

Kutel does not fall within Chapter 6 of the EPA and is not subject to environmental impact assessment or ecological assessment.

In accordance with Article 2, para. 3 of the Kutel agreement, the holder of the rights shall submit to the competent bodies an overall working project for prospecting and exploration and submit a copy of the letter to the Ministry of energy within one month as of signing of the Kutel agreement. This letter from Eastern Resources (No ER-05/09.11.2020) to the Ministry of energy presented overall geological project for prospecting and exploration plan in Kutel. In addition to outlining yearly working project for prospecting and exploration on the Kutel Gold Property, it also outlined plans for recultivation of the land plots affected by the prospecting and exploration activities.

Archaeological and Heritage Considerations

An integral part of the exploration license application process in Bulgaria requires all Ministries to review the application and provide comment, if any, to the Ministry of Energy. The Ministry of Culture (responsible for archaeological heritage) provided no comment regarding the Kutel Gold Property.

The holder of the permit for prospecting and exploration is obliged (Article 30 UNRA) if discovering, historical or archaeological findings having the signs of cultural valuables, to stop the work in due time and inform immediately the Minister of Energy and the Minister of Culture.

Significant Factors or Risks

The author of the Kutel Gold Technical Report is not aware of any additional significant factors or risks that may affect access, title, or the right or ability to perform work on the Kutel Gold Property.

History

Exploration for base metals on the Kutel Gold Property commenced in the mid-1900's. Prior to Eastern Resources' acquisition of the Property in 2020, exploration was undertaken by the Bulgarian State and Dundee Precious Metals Inc. ("DPM").

During the late 1970s to late 1980s the Bulgarian State (Committee for Geology) explored the area and collected data using several different exploration techniques as detailed following:

- Airborne geophysics are believed to have been acquired in 1988. Flight lines were north-south at a nominal 500 – 600 m spacing, with nominal 8 km east-west tie lines, resulting in a relatively coarse regional grid;
- During the period 1994 to 1996, ongoing rock chip sampling and geological mapping by geologists of the Bulgarian State indicated the presence of a relatively low-grade gold anomaly in the Kutel Gold Property. The exact location of the anomaly is unknown, however is believed to have been located in the north of the Kutel Gold Property; and
- A total of eight hand-dug trenches were completed on the Kutel Gold Property, the location of these trenches is not exactly known. In addition, two diamond drillholes were completed (146.5 m). As with the trenches the collar locations of these holes are uncertain.

DPM, through its 100% subsidiary Balkan Mineral and Mining concluded an exploration license agreement with the Ministry of Energy in 2008, then relinquished the Kutel Gold Property in 2015. During this period DPM undertook an extensive exploration program, including multiple geological mapping and rock chip sampling campaigns, two phases of soil geochemical sampling on a 200 m x 50 m grid spacing as well as a property-wide trenching campaign across the Kutel Gold Property.

Minor diamond drilling was undertaken in the northern portion of the Property (987.9 m total meters) during 2012.

There is no record of any mineral resources or mineral reserves being reported for the Kutel Gold Property, nor has there been any production recorded.

Regional and Local Geology

The Kutel Gold Property is located within the western portion of the Tethyan Belt, which extends from Europe to South-East Asia, and spans 33 countries making up 7.3% of the earth's land mass. Major gold and copper deposits within the Western Tethyan magmatic belt formed during two main periods of Cretaceous and Tertiary magmatism. The Cretaceous deposits are dominantly copper-gold porphyry and high-sulfidation epithermal systems, whereas the Tertiary deposits display greater deposit diversity and can include low to intermediate sulfidation epithermal systems, together with copper-gold porphyry systems and carbonate replacement systems.

The Kutel Gold Property is located within the Tertiary age segment of the Western Tethyan magmatic belt and specifically within the Eastern Rhodope metallogenic province. This province contains numerous sedimentary rock-hosted low-sulfidation epithermal systems (quartz-adularia-illite vein systems) of which the best known is the Ada Tepe gold deposit, located 3 km south-east of the town of Krumovgrad.

Rocks associated with the Kutel Gold Property formed within the Eastern Rhodope metallogenic province, which underwent extension and metamorphic core complex formation within a back-arc environment. This was followed by normal faulting, basin subsidence and voluminous volcanic eruptions during the Maastrichtian-Oligocene. During this period of volcanic eruption, the nature of the magma progressively evolved, from calc-alkaline to shoshonitic andesitic to rhyolitic. Figure 5 shows a simplified geological map of the Eastern Resources and Central Rhodope metallogenic province. The yellow circle shows the location of the Kutel Gold Property.

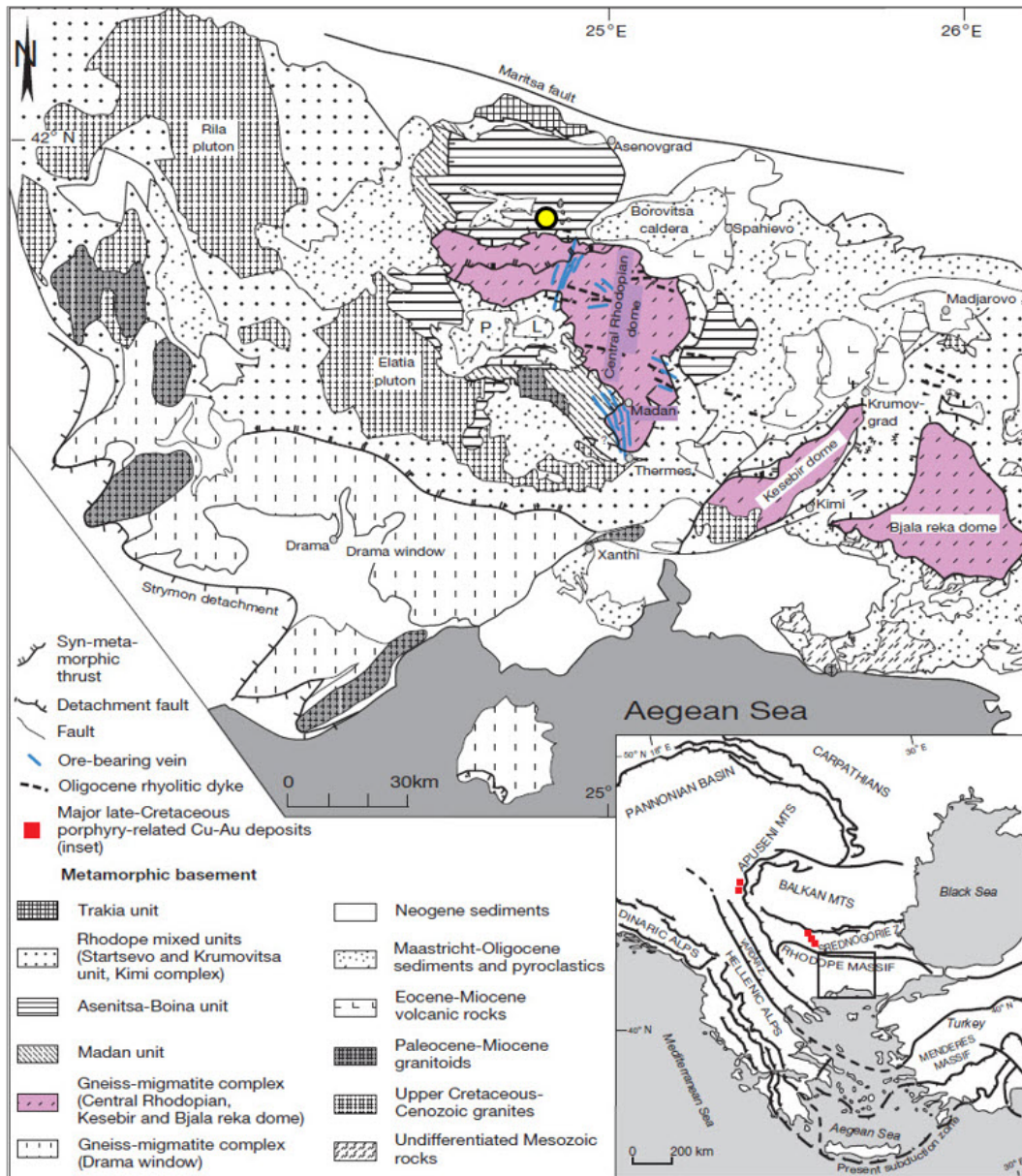
Crustal extension within the Kutel Gold Property area was dominated by the detachment bounded Central Rhodopian metamorphic core complex. This structure exposes a crustal section that includes the following tectonostratigraphic units from the structural base to the top:

- A lower high-grade metamorphic unit (gneisses, mica-schists and amphibolites).
- An upper high-grade metamorphic basement unit (marbles and minor amphibolites).
- A sedimentary and volcanogenic unit of Maastrichtian / Paleocene-Miocene syn- and post-tectonic cover sequences.

At the base of the third unit, Maastrichtian-Paleocene to Middle Eocene clastics, marble sedimentary breccias, and conglomerates form part of a syn-tectonic hanging wall suite of supra-detachment half grabens, which occur in faulted contact with the detachments that bound the metamorphic core complexes. They are also limited by graben-bounding faults and are found lying unconformably over the high-grade metamorphic basement units.

Stratigraphically, Middle Eocene clastics are conformably overlain by Upper Eocene-Oligocene clastic rocks, conglomerates, and carbonate-rich sedimentary rocks, which mark a renewed cycle of continental, fresh water to marine sedimentation. They were accompanied by regionally widespread, late Eocene-Oligocene volcanic edifices and sedimentary-volcanogenic successions.

Figure 7 - Geologic map of the Eastern & Central Rhodope metallogenic province



Note: The yellow circle shows the location of the Kutel Property.
 Source: Kaiser Rohrmeier et al, 2013.

Mineralization

The Kutel Gold Property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are hosted in sedimentary rocks, spatially associated with detachment faulting and half graben formation. These Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

The only in situ evidence of a paleogeothermal system on the Kutel Gold Property is represented by hydrothermal explosion breccias (HEBs), which are also known as phreatic breccias, which contain quartz-adularia-illite vein clasts. Siliceous sinters and / or steam heated alteration have not yet been identified, on the Kutel Gold Property.

Deposit Types

Low-sulphidation epithermal quartz-adularia-illite vein systems

Epithermal precious metal deposits form in the shallow parts of volcanic fields, including associated volcano-sedimentary basins, typically at paleodepths of less than one kilometer. Hence, many of them are accompanied by surface and near-surface hydrothermal manifestations albeit generally devoid of economic precious metal concentrations (Sillitoe, 2015).

Quartz-adularia-illite epithermal mineralization is distinguished by its intimate association with quartz \pm calcite \pm adularia \pm illite that forms from the near-neutral pH chloride waters in extinct geothermal systems. Quartz and / or chalcedony dominate, accompanied by lesser and variable amounts of adularia, calcite, pyrite, illite, chlorite \pm gold and silver.

These types of deposits are characteristic of rift settings (back-arc) in which bimodal (basalt-rhyolite) volcanism and fluvio-lacustrine sedimentation are commonplace. Metal often occurs in veins and stockworks, making up subvertical fractures.

Quartz-adularia-illite vein systems are also distinguished by their gangue mineral textures. Crustiform banded quartz is common, typically with interbanded, discontinuous bands of sulphide minerals (mainly pyrite) and / or selenide minerals, adularia and / or illite. At relatively shallow depths, the bands are colloform in texture and millimeter-scale, whereas at greater depths, the quartz becomes more coarsely crystalline. Lattice textures, comprised of platy calcite and its quartz pseudomorphs, occur as open-space filling in veins, and along with vein adularia indicate boiling fluids of near-neutral pH (Simmons et al, 2005).

Breccias, in veins and subvertical pipes, commonly show evidence of multiple episodes of formation. They comprise jumbled angular clasts of altered host rock and earlier vein fill, supported by a matrix of mainly quartz, calcite and / or adularia and sulphide minerals, suggesting rapid pressure release and violent formation that can be ascribed to seismicity and hydrothermal eruptions (Simmons et al, 2005).

Among the most important processes affecting metal accumulation in quartz-adularia-illite vein systems are metal transport and deposition, and the formation of orebodies over a restricted vertical interval, a few hundred meters maximum. Metal precipitation is due to focused fluid flow within a well-developed permeability fabric ('upflow zone') and boiling \pm mixing. Boiling is a highly efficient mechanism for removing most gold and silver from solution. Boiling also causes precipitation of adularia, platy calcite and colloform-banded, amorphous silica.

Common paleosurface discharge products associated with quartz-adularia-illite vein systems are sinters, HEB (also referred to as phreatic breccias) and steam-heated alteration zones located above the paleo-water table.

Eastern Rhodope quartz-adularia-illite systems

Quartz-adularia-illite paleogeothermal systems are known from throughout the Eastern Rhodope mountains and are peculiar in that they have no association with volcanic activity i.e., they have formed pre-volcanism and are commonly hosted within sedimentary rocks and / or metamorphic basement rocks.

Within the Eastern Rhodope metallogenic province, the known sedimentary rock-hosted gold deposits and / or occurrences represent the oldest known Tertiary mineralization event, and they are dominantly hosted by Maastrichtian-Paleocene, supra-detachment sedimentary rocks (Krumovgrad Group) and include:

- Ada Tepe gold deposit
- Rozino gold deposit
- Stremtsi occurrence

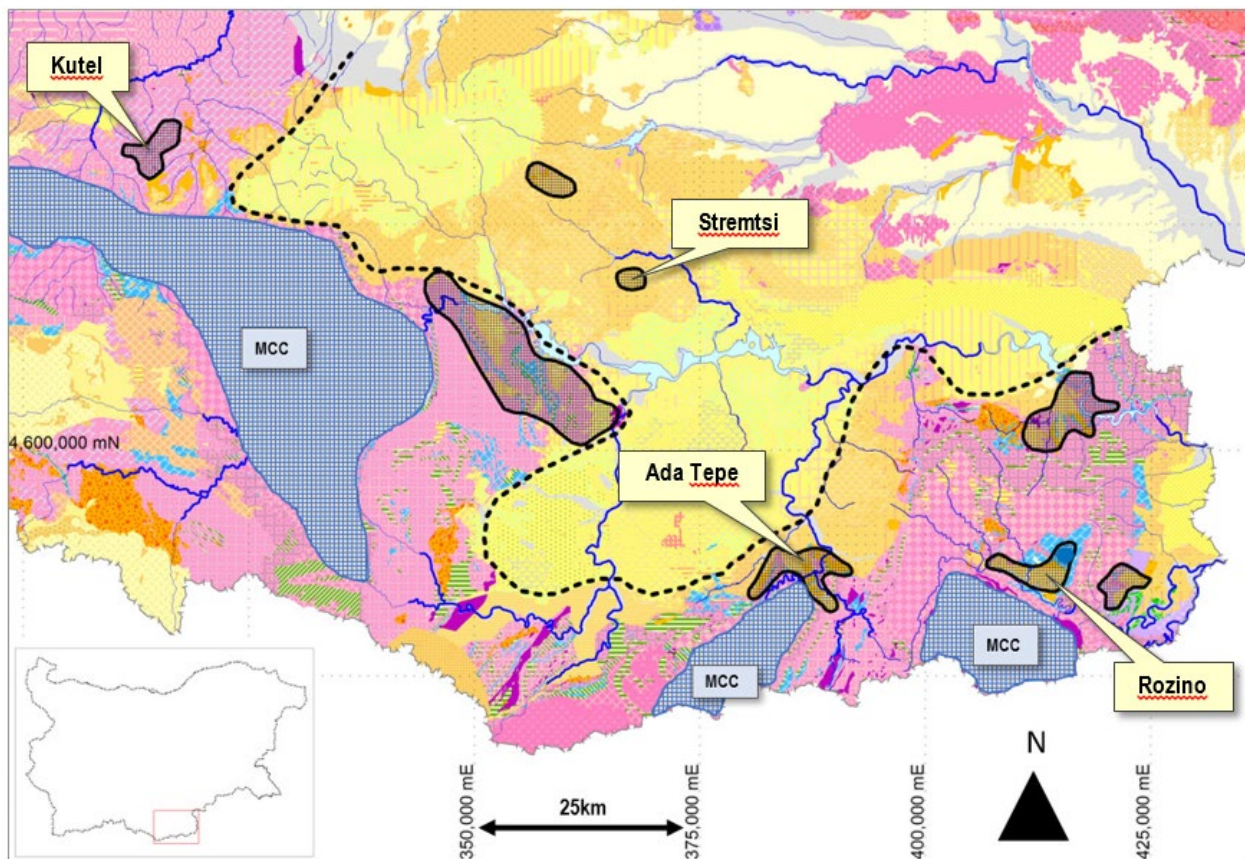
The age of these deposits is clearly constrained as Late Eocene (35.36 ± 0.21 Ma to 34.71 ± 0.16 Ma (Ada Tepe), 36.45 ± 0.25 Ma (Rozino) and 37.51 ± 0.31 Ma (Stremtsi); Marchev et al., 2004, Márton et al., 2010, Moritz et al., 2010), which is consistent with the timeframe considered for the Property local geology.

The regional heat accumulated during supra-detachment sedimentary graben formation; the high thermal heat flow due to ongoing crustal extension together with potentially contemporaneous magmatism (at depth) remain feasible mechanisms for the development of generating large geothermal systems within the Eastern Rhodope metallogenic province during the Late Eocene.

The Kutel fossil geothermal system was a boiling hydrothermal system hosted by a sequence of Maastrichtian / Paleocene-Eocene sedimentary rocks (Krumovgrad Group equivalent) and Paleozoic metamorphic rocks located on the northern margin of the large Central Rhodopian metamorphic core complex. Quartz, chalcedony, adularia (K feldspar) and illite together with lesser calcite and pyrite (<1 vol. %) are the main hydrothermal minerals; gold and silver are likely present as electrum.

Figure 8 shows the locations of the known quartz-adularia-illite paleogeothermal systems within the Eastern Rhodope. The black dashed line shows the approximate boundary between the older sedimentary rocks and the younger, post-mineral volcanic rocks (located north of the dashed line) and metamorphic core complexes are labelled as MCC.

Figure 8 - Quartz-adularia-illite paleogeothermal systems within the Eastern Rhodope



Notes: MCC = metamorphic core complexes; black dashed line shows the approximate boundary between the older sedimentary rocks and the younger, post-mineral volcanic rocks to the north.

Source: Eastern Resources, 2020.

Exploration

The Kutel Gold Property was explored by the Bulgarian state, under the auspices of the Committee for Geology, during the late 1970s to the late 1980s; with airborne geophysical data having been acquired in the late 1980s. From 1994 - 1996, rock chip sampling by the Bulgarian State indicated the presence of a low-grade gold anomaly, in the north of the Kutel Gold Property, which is likely to have been derived from areas of stratigraphic replacement. In addition, eight hand-dug trenches and two diamond drillholes were completed. The location of the trenches and the collar locations of the drillholes are uncertain, however are known to be located within the northern portion of the Property (Stofuritsa-Kalki area).

Dundee Precious Metals Inc. (DPM) acquired the Kutel Gold Property in 2008. DPM undertook a major exploration program on the Kutel Gold Property, including geological mapping and rock chip sampling (multiple campaigns), two phases of soil geochemical sampling (200 m x 50 m) and a property-wide trenching campaign across the Kutel Gold Property.

A diamond core drilling program consisting of 987.9 metres (m) was completed by DPM during 2012 on the northern portion of the Kutel Gold Property. The DPM drilling was believed to be targeting a geophysical anomaly at depth beneath the Kalki area. The Kutel Gold Property was relinquished by DPM in 2015 and was acquired by Eastern Resources in 2020.

Eastern Resources has undertaken geological mapping and selective rock chip sampling on the Kutel Gold Property and intends to undertake a limited diamond drilling program in 2023. Rock chip results include two samples with gold grades above 0.1 grams per tonne (g/t) Au, with a maximum value of 0.2 g/t Au, while three silver grades exceed 10 g/t Ag, with a maximum value of 26 g/t Ag.

No mineral resources estimates have been completed.

Drilling

No drilling has been completed by Eastern Resources although limited diamond drilling (2 drillholes for 146.5 m drilled) has been undertaken by the Bulgarian State in the past. The collar locations of these drillholes are uncertain but they are known to be located within the Stofuritsa-Kalki area.

Sampling, Analysis and Security

Bulgarian State

The sampling methods used by the Bulgarian state for rock chip and diamond drilling are unknown. No quality control or quality assurance data is available.

Data Verification

Site Visit

Between May 17 and 18, 2022, the QP visited the Kutel Gold Property.

The objective of the site visit was to review the geological mapping and sampling that had been undertaken by Eastern Resources. The field work was focused on the observation of type outcrops and geology present on the Kutel EL.

To fulfil the proposed work, the following activities were undertaken:

- An orientation survey of the Kutel EL was undertaken both on foot as well as via vehicle.
- Access to the site as well as local infrastructure was observed.
- Notes and photographs of type outcrops were taken.

- On site discussions with Sean Hasson (Executive Director Exploration, Eastern Resources) and Mathias Knaak (Structural Geologist, Domlogic Geoservice), regarding mapping methodologies used, the logic of the proposed geological model and how the model can be applied to the planned exploration program.
- Discussions regarding the procedures followed by Eastern Resources when mapping and taking grab and rock chip samples.

The QP is of the opinion the data provided by Eastern Resources is a true and faithful representation of what was observed during the site visit.

Assay data verification

Eastern Resources used an acquire Database. The QP supervised a cross-check of 100% of the assay results for gold and silver from an Eastern Resources database export with analytical results on the original assay certificate.

The result of the verification is presented in Table 13.

Table 12 - Assay verification results (2017 - 2021)

Year	Total samples	# Samples selected for verification	Assays confirmed ¹	Errors noted ²	Certificate error ³	% Samples verified
2017 / 2021	26	26	26	0	0	100

Notes:

¹ Assay results match certificate ignoring minor rounding and truncation discrepancies.

² Assay value does not match certificate by more than 1 g/t Ag or 0.01 g/t Au.

³ Certificate reference number in the database incorrect.

The QP makes the following observations based on the data verification undertaken:

- Cross-checking of original assay results with the drilling database noted no errors out of 26 samples (23 rock chip assays and 3 CRM assays) verified representing an error rate of 0%.

Exploration, Development and Production

Please refer to “Part V – Information Concerning the Resulting Issuer – Narrative Description of the Business” for more information on the proposed exploration and development of the Kutel Gold Property.

Management’s Discussion and Analysis

The MD&A of Eastern Resources for the financial year ended December 31, 2021 and for the nine-month period ended September 30, 2022 are attached to this Filing Statement as Appendix D and should be read in conjunction with the audited financial statements of Eastern Resources for the financial year-ended December 31, 2021 and the unaudited interim financial statements of Eastern Resources for the three-month period ended September 30, 2022, and related notes for such periods.

Selected Financial Information and Management’s Discussion and Analysis

The table below sets out certain financial data for Eastern Resources in respect of the periods for which financial information is included elsewhere in this Filing Statement. This information should be read in conjunction with the audited consolidated financial statements for the fiscal years ended December 31, 2021 and 2020 and the reviewed interim financial statements for the nine-month period ended September 30, 2022, and the related notes thereto set out in Appendix C, as well as the management’s discussion and analysis for the years ended December 31, 2021 and 2020 and for the nine-month period ended September 30, 2022 set out in Appendix D.

The requisite financial data presented for the relevant period has been prepared in accordance with IFRS as issued by the IASB, unless otherwise specified.

	Nine Months Ended September 30, 2022 BGN	Year Ended December 31, 2021 BGN	Year Ended December 31, 2020 BGN
Total revenue	-	141,081	-
Net income (loss)	(301,324)	68,747	(37,740)
Total operating expenses	301,324	72,334	37,740
Total assets	990,901	519,389	495,116
Total liabilities	809,013	716,678	761,151
Cash dividends declared	-	-	-
Basic and diluted (loss) per share	(9,131)	2,292	(1,258)
Working capital (deficiency)	295,175	58,874	73,294
Amounts due to shareholders	728,060	702,426	753,301

Description of Securities

Common Shares

Eastern Resources is authorized to issue 35 common shares with 35 Eastern Resources Shares being issued and outstanding as of the date hereof. All of the outstanding Eastern Resources Shares have been validly issued, fully paid and non-assessable.

Each Eastern Resource Share carries the right to vote at all meetings of Eastern Resources Shareholders, receive dividends if, as and when declared by the Eastern Resources board and to receiving the remaining property from liquidation of Eastern Resources. The Eastern Resources Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, purchase or cancellation, surrender, sinking fund or purchase fund provisions. There are no restrictions on the repurchase or redemption of Eastern Resources Shares by Eastern Resources, except to the extent that any such repurchase or redemption would render Eastern Resources insolvent. Prior to the Completion of the Qualifying Transaction, Eastern Resources will terminate a Shareholders' Agreement dated March 10, 2022 between Eastern Resources and all of the Eastern Resources Shareholders.

Stock options, warrants or convertible securities

As of the date of this Filing Statement, there are no outstanding stock options, warrants or convertible securities to acquire Eastern Resources Shares.

Consolidated Capitalization

This table is presented and should be read in conjunction with Eastern Resources' financial statements and the related notes included elsewhere in this Filing Statement and with the information set forth under "Part IV – Information Concerning Eastern Resources - Management's Discussion and Analysis".

Designation of Security⁽¹⁾	Amount Authorized	Amount Outstanding as of September 30, 2022	Amount Outstanding as of the date of the Filing Statement
Eastern Resources Shares	35	35	35

Notes:

(1) See "Part IV – Information Concerning Eastern Resources – Description of Securities".

Prior Sales

The following table sets forth details of the number and price at which securities of Eastern Resources have been sold within the 12 months prior to the date of this Filing Statement:

<u>Date</u>	<u>Type of Security⁽¹⁾</u>	<u>Number of Securities</u>	<u>Price per Security</u>	<u>Consideration Received</u>
April 26, 2022 ⁽²⁾	Common Shares	5	BGN 136,100 ⁽³⁾	Cash

Notes:

- (1) See “*Part IV – Information Concerning Eastern Resources – Description of Securities*”.
- (2) The Eastern Resources Shares were issued pursuant to the Eastern Resources Private Placement. See “*Part IV – Information Concerning Eastern Resources - Description of the Business - Overview and History of Eastern Resources*”.
- (3) The price per Eastern Resources Share was equivalent to CAD \$96,890 per Eastern Resources Share based on 1 BGN: \$0.7119, as quoted by the Bank of Canada on April 26, 2022.

Market For Securities

The Eastern Resources Shares are not and have never been listed or traded on any stock exchange, marketplace or quotation service.

Executive Compensation

The following compensation information is presented in accordance with Form 51-102F6 – *Statement of Executive Compensation*. Except as disclosed below, Eastern Resources does not compensate its directors or executive officers for their services, directly or indirectly.

As at December 31, 2021, the end of the most recently completed financial year of Eastern Resources, Danko Zhelev was the Named Executive Officer of Eastern Resources.

Compensation Discussion and Analysis

The Eastern Resources board is responsible for all compensation and human resources matters. The Eastern Resources board has determined, and management has agreed, that no cash compensation should be paid to the directors and officers of Eastern Resources until after December 31, 2021. For this reason, Eastern Resources does not have a compensation committee and has not retained a compensation consultant or advisor to assist the Eastern Resources board in determining compensation for any of its directors or officers. In addition, the Eastern Resources board has decided not to issue or grant any option-based or share-based awards to any of its directors or officers in lieu of compensation. Accordingly, Eastern Resources has not adopted an incentive plan award plan.

At no time prior to the date of this Filing Statement was Eastern Resources a reporting issuer for the purposes of Securities Laws. Significant elements of the compensation to be awarded to, earned by, paid to or payable to Named Executive Officers of the Resulting Issuer following the Closing, to the extent it has been determined, is set forth in “*Part V – Information Concerning the Resulting Issuer*”.

Termination and Change of Control Benefits

Eastern Resources is not a party to any contract, agreement, plan or arrangement with either of its Named Executive Officers that provides payment to such Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as result of a change of control of Eastern Resources or a change in their responsibilities as a director or officer of Eastern Resources.

Director Compensation

Danko Zhelev, Vasil Andreev and Sean Hasson are the only directors of Eastern Resources and none have received any cash compensation for their services as a director of Eastern Resources during the fiscal year ended December 31, 2021.

Management Contracts

Eastern Resources is not party to any agreement whereby management functions of Eastern Resources to any substantial degree are performed by a person other than the director or officers of Eastern Resources.

Non-Arm's Length Transactions

Within five years from the date preceding this Filing Statement, no material transactions or proposed, have occurred in which any director, officer, Promoter or principal stockholder of Eastern Resources or associates or affiliates thereof have or have had a material interest except as set out below:

1. on November 10, 2022, the Company signed a loan agreement for \$100,000 with its shareholder, Dundee Resources Limited, a non-arm's length company wholly-owned by Dundee Corporation which is controlled by The Ned and Anita Goodman Joint Partner Trust, trustees of which are Jonathan Goodman, David Goodman, Mark Goodman and Daniel Goodman. Dundee Resources Limited is an Insider of Eastern Resources because it owns more than 10% of the Eastern Resources Shares. On November 28, 2022, Eastern Resources received BGN 136 thousand, representing the principal amount of the loan in BGN. Such loan has an annual simple interest rate of 10%. The repayment period under the loan agreement is up to two months from the date of receiving a written request from the lender to repay the loan. No collateral has been provided by Eastern Resources in connection with such loan; and
2. the Company signed loan agreements with the shareholder Seefin Capital OOD, a non-arm's length company to Eastern Resources wholly-owned and controlled by Mr. Hasson and Mrs. Hasson, for an aggregate principal amount of BGN 121 thousand as of September 30, 2022. Mr. Hasson is a director, officer and owns over 10% of the Eastern Resources Shares. The repayment period under the concluded agreements is up to 2 months from the date on which the lender requests repayment. All loan agreements entered into in the prior five years have an annual simple interest rate of 10%. No collateral has been provided by Eastern Resources in connection with such loan.

Other related party balances and transactions are disclosed in note 14 of the interim financial statements of Eastern Resources for the period ended nine-months September 30, 2022 and note 13 of the audited annual financial statements of Eastern Resources for the year ended December 31, 2021.

Legal Proceedings

Management of Eastern Resources is not aware of any legal proceedings, contemplated or actual, involving Eastern Resources, which could materially affect Eastern Resources.

Regulatory Actions

There have been no penalties or sanctions imposed against Eastern Resources by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Eastern Resources, and Eastern Resources has not entered into any settlement agreements before a court to securities legislation or with a securities regulatory authority.

Material Contracts

Eastern Resources has not entered into any material contracts, except in the ordinary course of business, within the two years before the date of this Filing Statement, other than:

- (a) the Business Combination Agreement;

- (b) the Sponsorship Agreement;
- (c) the Contract for prospecting and exploration of metalliferous minerals made on October 8, 2020 between the Ministry of Energy – Temenuzhka Petkova and Eastern Resources with respect to the Kutel area; and
- (d) the Contract for prospecting and exploration of metalliferous minerals made on February 25, 2019 between the Ministry of Energy – Temenuzhka Petkova and Eastern Resources with respect to the Chukata area.

Copies of these agreements are available for inspection at the head office of Eastern Resources, during ordinary business hours until the Closing Date and for a period of 30 days thereafter, and can be made available electronically upon request by e-mail to Sean Hasson, Executive Director Exploration and director of Eastern Resources at sean@seefincapital.com.

Auditor, Transfer Agent and Registrar

The auditor of Eastern Resources is Grant Thornton OOD, located at Sofia 1421, A 26, Cherni Vrah Blvd, Bulgaria.

Eastern Resources does not currently employ a transfer agent or registrar.

PART V – INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Qualifying Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the Completion of the Qualifying Transaction, the Resulting Issuer will carry on the businesses currently carried on by Eastern Resources. See the various headings under “*Part II – Information Concerning St Charles and St Charles UK Subsidiary*” and “*Part IV – Information Concerning Eastern Resources*” for additional information regarding St Charles, St Charles UK Subsidiary and Eastern Resources, respectively. See also the Pro Forma Financial Statements of the Resulting Issuer attached hereto as Appendix E.

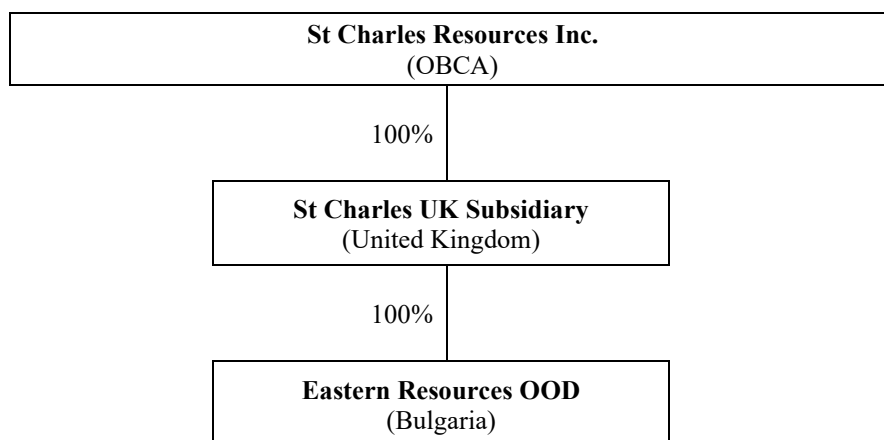
Corporate Structure

Name and Incorporation

Subject to Exchange approval, it is currently expected that the Resulting Issuer will continue to operate under the name “St Charles Resources Inc.” and will be governed by the OBCA. Following completion of the Business Combination, the Resulting Issuer’s registered and head office will be located at 82 Richmond St E 1st Floor, Toronto, ON M5C 1P1.

Intercorporate Relationships

Following the Completion of the Qualifying Transaction, the Resulting Issuer, through its wholly-owned subsidiary, will own, indirectly, 100% of the issued and outstanding shares of Eastern Resources. The chart below represents the anticipated corporate structure of the Resulting Issuer.



The Resulting Issuer intends to manage and operate Eastern Resources’ business through its St Charles UK Subsidiary.

Narrative Description of the Business

The Resulting Issuer will primarily focus on the exploration of the Kostilkovo Gold Property and the Kutel Gold Property, which is currently being carried on by Eastern Resources. See “*Part IV – Information Concerning Eastern Resources – Narrative Description of the Business*” above.

The following disclosure contains forward-looking statements, including with respect to the Resulting Issuer’s business objectives and milestones. Such statements involve known and unknown risks, uncertainties and other factors outside of management’s control, including the risk factors set forth elsewhere in this Filing Statement that could cause results to differ materially from those described or anticipated in such forward-looking statements.

Upon Completion of the Qualifying Transaction, the Resulting Issuer will carry on the business of Eastern Resources. See “*Part IV – Information Concerning Eastern Resources – Narrative Description of the Business*” above and “*Part V – Information Concerning the Resulting Issuer – Stated Business Objectives*”, “*Part V – Information Concerning the Resulting Issuer – Milestones*” and “*Part V – Information Concerning the Resulting Issuer– Exploration and Development Activities*” below.

Stated Business Objectives and Milestones

The Resulting Issuer intends to complete drilling programs on both the Kutel and Kostilkovo Gold Properties as recommended in the Technical Reports. The Resulting Issuer intends to spend \$366,000 on the Phase 1 Drill Program for the Kutel Gold Property in the immediate 6-months following the qualifying transaction and then intends to spend \$379,000 on the Phase 1 Drill Program for the Kostilkovo Gold Project in the second half of the year following the qualifying transaction.

In order to advance the stated business objectives for the Kutel Gold Property, the Resulting Issuer intends to initially drill test beneath each of the three hydrothermal explosion breccias “HEBs” located on the Kutel Gold Property with one 500m length diamond drillhole for each of the three target areas for a total of 1,500m.

In order to advance the stated business objectives for the Kostilkovo Gold Property, the Resulting Issuer intends to drill test beneath the mapped upflow zones located within the Izvorite and Runkite prospect areas with approximately 8 diamond drillholes for a total of 1,500 m.

The Resulting Issuer is intending to commence systematic exploration programs in 2023 on the Kutel and Kostilkovo Gold Properties so as to establish the potential for gold mineralization subsurface.

The Resulting Issuer intends to complete the exploration programs associated with these objectives within 12 months of listing. The estimated costs and the expected timeframes associated with these milestones are as follows:

Milestone	Estimated Completion Date	Estimated Cost (\$)
Completion of the recommended work program on the Kutel Gold Property:		
Completion of Phase 1 work program	June 2023	\$366,000
Completion of the recommended work program on the Kostilkovo Gold Property:		
Completion of Phase 1 work program	December 2023	\$379,000
Total:		\$745,000

While the Resulting Issuer intends to pursue these milestones, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable. The foregoing table is not exhaustive of the initial steps that the Resulting Issuer needs to take to be successful in advancing to the next stage of development of its properties and the achievement of the foregoing milestones shall not guarantee success. The Resulting Issuer may vary these milestones depending on many factors such as market conditions, available financing, permitting and results of the work undertaken. Please see “*Part II – Risk Factors*”.

Exploration and Development

The properties material to the Resulting Issuer are the Kostilkovo Gold Property and the Kutel Gold Property. For more information, see “*Part IV – Information Concerning Eastern Resources - Kostilkovo Gold Property*” and “*Part IV – Information Concerning Eastern Resources - Kutel Gold Property*”. In the second quarter of 2023, the Resulting Issuer will commence the recommended exploration programs at the Kostilkovo Gold Property and the Kutel Gold Property. The exploration programs will include a total of approximately 3,000m of drilling, divided evenly between the two Properties so as to assess the potential for gold mineralization subsurface.

Description of Securities

Upon completion of the Business Combination, the authorized capital of the Resulting Issuer will continue to be the same as the current authorized capital of St Charles. See “*Part II – Information Concerning St Charles and St Charles UK Subsidiary*”.

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares without nominal or par value. The Resulting Issuer Shares entitle the holders thereof to receive notice of, attend and vote at all meetings of the shareholders of the Resulting Issuer. Each Resulting Issuer Share carries one vote at such meetings. Holders of Resulting Issuer Shares are entitled to dividends as and when declared by the directors. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Resulting Issuer, after payment of all outstanding debts, the remaining assets of the Resulting Issuer available for distribution will be distributed to the holders of Resulting Issuer Shares.

Pro Forma Consolidated Capitalization

The following table sets forth the estimated capitalization of the Resulting Issuer after giving effect to the Transaction:

Designation of Security⁽¹⁾	Amount Authorized or to be Authorized	Amount Outstanding After Giving Effect to the Qualifying Transaction⁽²⁾
Resulting Issuer Shares	Unlimited	60,693,300
Resulting Issuer Options	10% of the issued and outstanding Resulting Issuer Shares ⁽³⁾	2,736,000

Designation of Security ⁽¹⁾	Amount Authorized or to be Authorized	Amount Outstanding After Giving Effect to the Qualifying Transaction ⁽²⁾
Resulting Issuer Warrants ⁽⁴⁾	N/A	2,000,000

Notes:

- (1) See “*Information Concerning the Resulting Issuer – Description of the Securities*”.
- (2) Certain securities of the Resulting Issuer are subject to escrow. See “*Information Concerning the Resulting Issuer – Escrowed Securities*” for more information.
- (3) 10% of the issued and outstanding Resulting Issuer Shares will be equal to approximately 6,069,330 Resulting Issuer Options.
- (4) The Resulting Issuer Warrants represent the common share purchase warrants issued to the Sponsor in connection with the initial public offering of St Charles.

Fully Diluted Share Capital

Upon Completion of the Qualifying Transaction, the issued and outstanding securities of the Resulting Issuer are expected to consist of 60,693,300 Resulting Issuer Shares, 2,736,000 Resulting Issuer Options and 2,000,000 Resulting Issuer Warrants at the amounts set out in the below capitalization table:

Description of Securities ⁽¹⁾	Amount Outstanding After Giving Effect to the Qualifying Transaction	
	Number	Percentage
Common shares		
Issuable to former St Charles Shareholders prior to the Business Combination	27,360,000	41.82%
Issuable to former Eastern Resources Shareholders pursuant to the Business Combination	33,333,300	50.92%
Total common shares	60,693,300	92.76%
Convertible Securities		
Resulting Issuer Shares issuable upon exercise of Resulting Issuer Options ⁽¹⁾	2,736,000	4.18%
Resulting Issuer Shares issuable upon exercise of Resulting Issuer Warrants	2,000,000	3.06%
Total Convertible Securities	4,736,000	7.24%
Total	65,429,300	100%

Notes:

- (1) See “*Information Concerning the Resulting Issuer – Description of the Securities*”.

Available Funds

After giving effect to the Qualifying Transaction, funds available to the Resulting Issuer will be as follows:

Source of Funds	Amount of Funds (\$)
Estimated working capital of St Charles as at January 31, 2023	\$1,771,129
Estimated working capital of Eastern Resources as at January 31, 2023 ⁽¹⁾	\$5,090 ⁽²⁾
Total Estimated Funds Available	\$1,776,219

Notes:

- (1) The consolidated working capital of Eastern Resources as of January 31, 2023, excludes amounts owed by Eastern Resources to Eastern Resources Shareholders in the amount of \$504,546 in consideration for certain

services provided to Eastern Resources, which consideration is not payable until 2024. See “*Part IV – Information Concerning Eastern Resources - Non-Arm’s Length Transactions*”.

- (2) Converted from BGN to CAD pursuant to the Exchange Rate.

Principal Purposes of Funds

The following table sets forth the proposed use of the available funds by the Resulting Issuer upon Completion of the Qualifying Transaction, and for the 12 months thereafter, to achieve the Resulting Issuer’s business objectives, as disclosed above in “*Stated Business Objectives and Milestones*”:

Use of Available Funds	Estimated Amount (\$) ⁽⁵⁾
Estimated general and administrative expenses over the 12 months following the Closing Date ⁽¹⁾	\$491,596
Estimated costs to complete the Qualifying Transaction ⁽²⁾	\$100,000
Phase 1 exploration costs on the Kostilkovo Gold Property ⁽³⁾	\$379,000
Phase 1 exploration costs on the Kutel Gold Property ⁽⁴⁾	\$366,000
Unallocated working capital ⁽⁵⁾	\$439,623
Total	\$1,776,219

Notes:

- (1) Estimated general and administrative expenses include, but are not limited to, office expenses of \$12,200, insurance expenses of \$6,000, audit and accounting of \$70,400, legal fees of \$132,000, travel and accommodation of \$33,600, corporate secretary services of \$24,000 and salaries of \$213,396. See “*Part V – Information Concerning the Resulting Issuer – Principal Purposes of Funds*”.
- (2) The estimated cost to Complete the Qualifying Transaction has been reduced from the \$250,000 amount stated in the pro-forma financial statements of the Resulting Issuer as at September 30, 2022 to \$100,000 to reflect costs incurred as at January 31, 2023, comprising of: (i) fees payable to the Sponsor; and (ii) expenses incurred on fees for audit and legal services.
- (3) The Resulting Issuer intends to spend \$379,000 on the Phase 1 Drill Programme for the Kostilkovo Gold Project in the second half of the year following the Completion of the Qualifying Transaction.
- (4) The Resulting Issuer intends to spend \$366,000 on the Phase 1 Drill Programme for the Kutel Gold Project in the immediate 6-months following the Completion of the Qualifying Transaction.
- (5) The Resulting Issuer plans to utilize the unallocated working capital as a cash reserve. The time period in which these funds will be used is currently uncertain and is subject to market conditions and the ability of the Resulting Issuer to complete additional financings.
- (6) Converted from BGN to CAD pursuant to the Exchange Rate.

The Resulting Issuer will spend the funds available to it upon the Completion of the Qualifying Transaction for working capital purposes and future exploration activities on its mineral properties, and primarily exploration activities on the Kostilkovo Gold Property and Kutel Gold Property as recommended in the Technical Reports. See “*Narrative Description of the Business*” above. The foregoing are estimates only and there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary.

The Resulting Issuer, should it experience success with its initial exploration program, will require additional capital. If so, this capital will be raised through equity and/or debt financing or through joint ventures. There is no assurance that additional capital will be available to the Resulting Issuer or that the terms of such capital, if available will be favourable. Failure to obtain additional capital could result in the delay or indefinite postponement of such programs, a decline in the Resulting Issuer’s share price, or its bankruptcy. If the Resulting Issuer is able to access additional capital following its initial planned exploration programs, the Resulting Issuer may expedite further exploration programs on its Properties. The Resulting Issuer plans to adopt a prudent cash management strategy to be prepared by any eventuality. See “*Part II – Risk Factors Associated with the Business Combination*”.

Dividends

The Resulting Issuer does not intend to pay dividends on the Resulting Issuer Shares in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of the Resulting Issuer to fund future growth, the financial condition of the Resulting Issuer and other factors which the board of directors of the Resulting

Issuer may consider appropriate in the circumstances. It is the intended policy of the board of directors of the Resulting Issuer to retain any earnings to finance the growth and development of the Resulting Issuer's business and, therefore, the proposed management of the Resulting Issuer does not anticipate paying any dividends in the immediate or foreseeable future.

Principal Securityholders

Upon Completion of the Qualifying Transaction, other than as set out below, no shareholders of record are anticipated to own or beneficially, directly or indirectly, or exercise control or direction over voting securities of the Resulting Issuer carrying more than 10% of the voting rights attached to the Resulting Issuer Shares.

Name	Number and Percentage of Resulting Issuer Shares after giving effect to the Qualifying Transaction and % of Class Held or Controlled
Sean Hasson ⁽²⁾	9,523,800 (15.69%) ⁽¹⁾
Danko Zhelev ⁽³⁾	9,523,800 (15.69%) ⁽¹⁾
Vasil Andreev ⁽⁴⁾	9,523,800 (15.69%) ⁽¹⁾

Note:

- (1) The principal securityholder in the table above will hold 14.56% of the Resulting Issuer Shares on a fully diluted basis assuming an aggregate of 65,429,300 Resulting Issuer Shares issued and outstanding upon the Completion of the Qualifying Transaction.
- (2) The Resulting Issuer Shares will be held through Seefin Capital OOD, a Bulgarian company that will be non-arm's length to Resulting Issuer upon Completion of the Qualifying Transaction, which is wholly owned by Mr. Hasson and Mrs. Hasson and controlled by Mr. Hasson. It is expected that Mr. Hasson will be a director, officer and over 10% shareholder of the Resulting Issuer.
- (3) The Resulting Issuer Shares will be held through Balkan Mineral and Discovery EOOD, a Bulgarian company that will be non-arm's length to the Resulting Issuer upon Completion of the Qualifying Transaction, which is wholly owned and controlled by Mr. Zhelev. It is expected that Mr. Zhelev will be an over 10% shareholder of the Resulting Issuer.
- (4) The Resulting Issuer Shares will be held through GEOPS-Bolkan Drilling Services EOOD, a Bulgarian company that will be non-arm's length to the Resulting Issuer upon Completion of the Qualifying Transaction, which is wholly owned and controlled by Mr. Andreev. It is expected that Mr. Andreev will be an over 10% shareholder of the Resulting Issuer.

Directors, Officers and Management

The following are the names and municipalities of residence of the individuals who will hold office as directors and officers of Resulting Issuer upon Completion of the Qualifying Transaction, their proposed positions and offices with the Resulting Issuer, the number and percentage of Resulting Issuer Shares that the proposed director or officer will own, or over which control or direction will be exercised following the Completion of the Qualifying Transaction, the period served as a director or officer of Eastern Resources or St Charles and their principal occupations during the last five years.

Name, Expected Position and Municipality of Residence ⁽¹⁾⁽²⁾	Principal Occupation for the Previous Five Years	Number and Percentage of Resulting Issuer Shares after giving effect to the Qualifying Transaction and % of Class Held or Controlled
James Crombie Executive Chairman and Director <i>Nassau, Bahamas</i>	Executive Chairman, President, CEO and director of Odyssey Resources Limited; mining executive and corporate director; President, CEO and director of St Charles Resources Inc.	1,500,000 (2.5%)
Sean Hasson President, Chief Executive Officer and Director <i>Sofia, Bulgaria</i>	Executive Director Exploration of Eastern Resources OOD; exploration manager of Zinc of Ireland NL; and acting geology manager of Nordic Gold Inc.	9,523,800 (15.7%) ⁽⁴⁾

Name, Expected Position and Municipality of Residence⁽¹⁾⁽²⁾	Principal Occupation for the Previous Five Years	Number and Percentage of Resulting Issuer Shares after giving effect to the Qualifying Transaction and % of Class Held or Controlled
Jeff Pennock Chief Financial Officer and Corporate Secretary <i>Ontario, Canada</i>	Corporate controller, finance director and VP Admin of Dundee Precious Metals Inc.; and president of RMGP Consulting.	Nil (Nil%)
Colin Jones Independent Director <i>Auckland, New Zealand</i>	Principal consultant of Orimco Pty Ltd.	Nil (Nil%)
Laurie Marsland⁽³⁾ Independent Director <i>Sofia, Bulgaria</i>	Self-employed consultant in the mining industry; managing director at Titan Minerals Limited; and manager of mining and exploration of Illbak Mining AS.	Nil (Nil%)
Dr. Mihaela Barnes⁽³⁾ Independent Director <i>Baleares, Spain</i>	Independent consultant and Visiting Fellow at Lauterpacht Centre for International Law.	Nil (Nil%)
Vanessa Cook⁽³⁾ Independent Director <i>Toronto, Canada</i>	Vice President of Finance at PomeGran Inc.	Nil (Nil%)

Notes:

- (1) For a complete description of the proposed directors and officers of the Resulting Issuer, see “*Directors, Officers and Management – Biographies of Management and Directors*”.
- (2) The terms of all directors of the Resulting Issuer will expire on the date of the first annual meeting of the shareholders of the Resulting Issuer.
- (3) Proposed audit committee member of the Resulting Issuer (the “**Audit Committee**”).
- (4) These Resulting Issuer Shares are expected to be held by Seefin Capital OOD, a Bulgarian company owned and controlled by Mr. Hasson.

After giving effect to the Qualifying Transaction, the holdings of the proposed directors and officers of the Resulting Issuer, and their Associates and Affiliates, as a group, whether, beneficial, direct or indirect, will represent 11,023,800 Resulting Issuer Shares representing approximately 18.2% of the issued and outstanding Resulting Issuer Shares, on a non-diluted basis.

Biographies of Management and Directors

The following are biographies of each of the proposed members of management and directors for the Resulting Issuer.

Mr. James Crombie (age 64), Executive Chairman and Non-Independent Director (Nassau, Bahamas)

James Crombie graduated from the Royal School of Mines, London, in 1980 with a Bachelor of Science (Honours) in mining engineering, having been awarded the Anglo American scholarship. Mr. Crombie held various positions with DeBeers Consolidated Mines and the Anglo American Corporation in South Africa and Angola between 1980 and 1986. He spent the following 13 years as a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and finally with Yorkton Securities.

Mr. Crombie has over 20 years serving as management and/or board member to several public mining companies listed on the Toronto Stock Exchange or the TSXV in Canada, in Australia and in the United Kingdom. Mr. Crombie was Vice President, Corporate Development of Hope Bay from 1999 to 2002, President and Chief Executive Officer of Ariane Gold Corp. from 2002 to 2003, President, CEO and Director of Palmarejo until the merger with Coeur d’Alene Mines Corporation in 2007, President, CEO and Director of Avala Resources Ltd., Dunav Resources Ltd. and Reunion Gold Corporation, and Director of Torex Gold Resources Inc. and Ariane Silver Corporation.

Mr. Crombie is currently the President, Chief Executive Officer and Director of the Company, Director and Chief Executive Officer of Odyssey Resources Limited, a Canadian company trading on the NEX trading board of the TSXV and a non-executive director of Nickel Mines Limited, an Australian listed company. Mr. Crombie will be a consultant of the Resulting Issuer and expects to devote approximately 25% of his time to the Resulting Issuer

Mr. Sean Hasson (age 50), President, Chief Executive Officer and Non-Independent Director (Sofia, Bulgaria)

Mr. Sean Hasson commenced working on the West Australian gold mines when he was nineteen years of age and since then has had extensive experience in exploration and project development management, quality control program management and corporate development activities. Sean has previously worked in both exploration and mining capacities on Archean greenstone gold and base metal projects in Western Australia and northern Canada and has had extensive exposure to epithermal and porphyry environments in South America, the Philippines and more recently in the Western Tethyan belt of Eastern Europe where he has been involved in the discovery and definition of 7.2Mozs Au and 1.4Mt Cu (NI 43-101) for various projects over the last twenty years. Sean graduated from the University of Western Australia with a Bachelor of Science (Geology Major). Sean resides in Sofia, Bulgaria and is a Member of the Australian Institute of Geoscientists (AIG), and a qualified person for the purposes of National Instrument 43-101. Mr. Hasson will be an employee of the Resulting Issuer and expects to devote approximately 100% of his time to the Resulting Issuer.

Dr. Mihaela Maria Barnes (age 41), Independent Director (Balears, Spain)

Dr Mihaela Maria Barnes earned her Ph.D. in International Law from the Graduate Institute of International and Development Studies, Geneva. She also holds an LL.M. in International and European Law (specialization: International Trade and Investment Law) from the University of Amsterdam as well as undergraduate degrees, legal qualifications and experience in both common law and civil law. Dr Barnes was a Visiting Fellow at the Lauterpacht Centre for International Law, University of Cambridge and a member of the Coordinating Committee of the European Society of International Law Interest Group on Business and Human Rights. She has published extensively in peer-reviewed journals on various topics of international law, business and human rights and sustainability. A revised version of her Ph.D. dissertation (*State-Owned Entities and Human Rights: The Role of International Law*) was published by Cambridge University Press in November 2021. Dr Barnes has acted as a consultant on matters of corporate governance, business and human rights, sustainability and international law.

Mr. Colin Jones (age 63), Independent Director (Auckland, New Zealand)

Mr. Colin Jones has over 40 years' experience as a mining, exploration and consulting geologist. He is experienced in a number of different geological environments and has worked on all continents on producing mines, as part of feasibility teams and as an explorationist. Colin has managed large exploration and due diligence projects, and has undertaken numerous bankable technical audits, technical valuations, independent expert reports and due diligence studies worldwide, most of which were on behalf of major international resource financing institutions and banks. Colin resides in New Zealand and acts as Technical Adviser to a number of other resource investment groups, primarily Orimco Pty. Ltd. in Perth. Colin was formerly Principal and Manager Audits with RSG Global based in Perth. More recently Colin was Executive Vice President with Dundee Resources Ltd. based in Toronto.

Mr. Laurence (Laurie) Marsland (age 68), Independent Director (Sofia, Bulgaria)

Mr. Laurie Marsland is a graduate of the Western Australia Institute of Technology where he completed a Bachelor of Applied Science in Mechanical Engineering and attended the Stanford Sloan Fellows Program at the Stanford University Graduate School of Business where he completed a Master of Science in Management degree. Mr. Marsland is a Fellow of the Institution of Engineers Australia, a Chartered Professional Engineer and has forty years of diverse international experience in mining project evaluation, development, and operations. He has undertaken various roles including Chief Executive Officer, Chief Operating Officer, Vice President Project Development and Director. He relocated to Sofia, Bulgaria where in 2004 he assumed the role of Chief Operating Officer for Dundee Precious Metals.

Ms. Vanessa Cook (age 44), Independent Director (Toronto, Canada)

Ms. Vanessa Cook is a CPA with over 22 years of business experience in accounting and finance. Ms. Cook graduated from Dalhousie University with a Bachelor of Commerce degree. Since then, she has worked with a variety of public and private companies in the mining, insurance, risk consulting, and technology industries, which have included the roles of Controller, Director of Finance, and Vice President of Finance. Ms. Cook spent nine years combined in financial reporting at Dundee Precious Metals and Corsa Coal. She is currently the Vice President of Finance at PomeGran Inc., a private broadband internet service provider.

Mr. Jeff Pennock (age 63), Chief Financial Officer (Ontario, Canada)

Mr. Jeff Pennock has over 35 years of business experiences in multiple industries with experience in Canada, Europe and Africa. He has earned both Canadian and US Accounting designations. Mr. Pennock has approximately 20 years of leadership success with various companies in the mining and exploration sector. Since 2005 until 2020, Mr. Pennock has worked in the role of a corporate controller, finance director and VP Administration for Dundee Previous Metals. Mr. Pennock will be an independent contractor of the Resulting Issuer and expects to devote approximately 65% of his time to the Resulting Issuer.

Promoter Consideration

The Resulting Issuer does not have or expect to have any Promoters in the near future after the Completion of the Qualifying Transaction, nor has the Resulting Issuer or Eastern Resources had any Promoters within the period spanning from January 1, 2021 to the date of this Filing Statement.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director of the Resulting Issuer is, as at the date of this Filing Statement, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any company that while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, business combination or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets other than as follows.

James Crombie was a director of Sutter Gold Mining Inc. (“Sutter”) from June 9, 2009 to May 6, 2019. On May 17, 2019, Sutter appointed a receiver over all of its assets, undertakings and properties. The receiver was appointed pursuant to an application brought by Sutter’s secured lender, RMB Australia Holdings Inc., with the consent of Sutter.

Penalties or Sanctions

No proposed director or officer of the Resulting Issuer or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No proposed director or officer of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, merger or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

The proposed directors and officers of the Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. The Resulting Issuer will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of the Resulting Issuer's directors or officers. Any such conflicts are required to be disclosed by such directors or officers in accordance with the OBCA and the directors of the Resulting Issuer are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Certain proposed directors of the Resulting Issuer are, or may in the future be, directors, officers or shareholders of other companies that are, or may in future be, engaged in the business of, or enter into transactions with, the Resulting Issuer. Such associations and transactions may give rise to conflicts of interest from time to time.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers.

<u>Name</u>	<u>Name of Issuer</u>	<u>Exchange</u>	<u>Position</u>	<u>From</u>	<u>To</u>
James Crombie	St Charles Resources Inc.	TSXV	President, CEO and Director	July 2021	Present
	Odyssey Resources Limited	NEX	CEO	September 2008	Present
	Nickel Mines Limited	ASX	Director	May 2008	Present
	Torex Gold Resources Inc.	TSX	Director	March 2011	June 2020
	Sutter Gold Mining Inc.	TSXV	Director	June 2009	May 2019
	Arian Silver Corporation	TSXV and AIM	Director	February 2007	June 2018
Jeff Pennock	Dundee Precious Metals Inc.	TSX	Vice President Administration	July 2005	June 2020
Colin Jones	Newrange Gold	TSXV	Director	Dec 2019	Sept 2022
	Eurotin Inc.	TSXV	Director	Apr 2011	Oct 2021
	Geodrill	TSXV	Director	Dec 2010	May 2019
Laurie Marsland	Titan Minerals Limited	ASX	Director and Managing Director	July 2019	Mar 2022

Audit Committee

Following Completion of the Qualifying Transaction, the Resulting Issuer Board will establish the Audit Committee.

Audit Committee Charter

The Audit Committee's primary function will be to assist the Resulting Issuer Board in fulfilling its financial oversight responsibilities to shareholders and to serve as an independent and objective liaison between the Resulting Issuer Board, management and the external auditors. The Resulting Issuer will maintain the same written charter for the Audit Committee as that of St Charles.

Composition of the Audit Committee

Pursuant to Applicable Laws, the Resulting Issuer is required to have an audit committee comprised of at least three directors, the majority of whom must not be an executive officer, employee or Control Person of the Resulting Issuer or of any of its Associates or Affiliates.

The following are the proposed members of the Audit Committee:

<u>Name</u>	<u>Independence⁽¹⁾</u>	<u>Financially Literate⁽²⁾</u>
Laurie Marsland	Yes	Yes
Dr. Mihaela Maria Barnes	Yes	Yes
Vanessa Cook ⁽³⁾	Yes	Yes

Notes:

- (1) A member of the Audit Committee is independent if he or she has no direct or indirect material relationship with the Resulting Issuer which could, in the view of the Resulting Issuer Board, be reasonably expected to interfere with the exercise of his or her independent judgment.
- (2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer's financial statements.
- (3) Proposed Chair of the Audit Committee.

Relevant Education and Experience

Each of the proposed members of the Audit Committee has an understanding of the accounting principles used to prepare the financial statements of the Resulting Issuer and varied experience as to the general application of such accounting principles, as well as an understanding of internal controls and procedures necessary for financial reporting. For a summary of the education and experience of each proposed member relevant to the performance of his duties as an Audit Committee member, see "Information Concerning the Resulting Issuer – Directors, Officers and Management - Biographies of Management and Directors".

Reliance on Certain Exemptions

As the Resulting Issuer will be listed on the Exchange, it will be a "venture issuer" and it may avail itself of the exemption in Section 6.1 of NI 52-110, which provides that venture issuers are not required to comply with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110. Part 3 of NI 52-110 requires the independence of each member of an audit committee, subject to limited exemptions. Part 5 of NI 52-110 requires the disclosure of audit committee information in an annual information form. It is expected that the Resulting Issuer will rely on the exemption in Part 5 because, as a venture issuer, it is not required to file an annual information form. In the near future after the Completion of the Qualifying Transaction, it is expected that the Audit Committee of the Resulting Issuer will be entirely comprised of independent members.

Corporate Governance

Corporate governance relates to the activities of the Resulting Issuer Board, the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual members of management who are appointed by the Resulting Issuer Board and who are charged with the day-to-day management of the Resulting Issuer. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to NP 58-201 as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance. Set out below is a description of the proposed approach of the Resulting Issuer to corporate governance in relation to the guidelines set forth in NP 58-201.

Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the board, be reasonably expected to interfere with such member's independent judgment. It is expected that the Resulting Issuer

Board will be comprised of six members, four of whom will be “independent directors” within the meaning of NI 58-101. Laurie Marsland, Colin Jones and Dr. Mihaela Barnes will be considered independent directors within the meaning of NI 58-101 since they are each independent of management and free from any material relationship with the Resulting Issuer. The basis for this determination is that, since the date of incorporation of Eastern Resources and St Charles, and following the Completion of the Qualifying Transaction, none of the independent directors have worked for either Eastern Resources or St Charles, received remuneration from either company or had material contracts with or material interests in either company which could interfere with their ability to act with a view to the best interests of the Resulting Issuer. Sean Hasson will not be considered an independent director because he will also be an executive officer of the Resulting Issuer.

The Resulting Issuer Board is expected to function independently of management. To enhance its ability to act independent of management, the Resulting Issuer Board may in the future meet in the absence of members of management or may excuse such persons from all or a portion of any meeting where an actual or potential conflict of interest arises or where the Resulting Issuer Board otherwise determines is appropriate.

Standing Committees of the Board

In addition to the Audit Committee, after the Completion of the Qualifying Transaction, the Resulting Issuer may form a Remuneration Committee and an Environmental, Social, Governance and Nominating Committee. In addition to such committees, special committees of the Resulting Issuer Board may be formed from time to time to provide oversight on particular issues.

Directorships

Certain of the proposed directors of the Resulting Issuer are also current directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction. See “*Information Concerning the Resulting Issuer – Directors, Officers and Management – Other Reporting Issuer Experience*”.

Orientation and Continuing Education

It is anticipated that the Resulting Issuer will implement an orientation program for all new directors. A continuing education program will also be implemented, so that directors may maintain and enhance their skills and abilities as directors. The frequency and content of the continuing education program will be decided by the Resulting Issuer Board and will be in line with current industry trends and developments. Furthermore, as each director has a different skill set and particular background, orientation and continuing education activities will be tailored to the particular needs and experience of each director. Each new director appointed to the Resulting Issuer Board will be given the opportunity to become familiar with the Resulting Issuer by meeting with the other directors and management, and will receive orientation, commensurate with his or her previous experience, on the business, assets and industry of the Resulting Issuer, as well as on the responsibilities of directors. From time to time, meetings of the Resulting Issuer Board may include presentations by management and employees of the Resulting Issuer to give the directors additional insight into the Resulting Issuer's business. The Resulting Issuer will encourage its directors to communicate with the Resulting Issuer's management, auditors and technical consultants on a regular basis, to keep themselves current with industry trends and developments and to attend industry-related seminars to facilitate continuous improvement and education. It is expected that the Resulting Issuer Board's continuing education will also consist of correspondence with the Resulting Issuer's legal counsel to remain up to date with developments in relevant corporate and securities law matters.

Ethical Business Conduct

It is anticipated that the Resulting Issuer Board will adopt a written Code of Business Conduct and Ethics (the “Code”) for its directors, officers, employees and contractors following completion of the Qualifying Transaction. The Resulting Issuer Board will be responsible for monitoring compliance with the Code. The Resulting Issuer Board will take appropriate measures to exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer may have a material interest. Where appropriate, directors will abstain from portions of Resulting Issuer Board or committee meetings to allow independent discussion of points in issue.

Assessments

The Resulting Issuer plans to monitor the effectiveness of the Resulting Issuer Board and those of its Standing Committees on an annual basis.

Executive Compensation

Compensation Discussion and Analysis

It is anticipated that, following the Completion of the Qualifying Transaction, the Resulting Issuer will formalize its compensation practices. It is anticipated that the Resulting Issuer's compensation practices will include elements of short and longer term equity incentives together with cash based awards.

NEO Compensation Summary Table

The following table sets forth information concerning the expected compensation payable by the Resulting Issuer for services rendered for the 12-month period after giving effect to the Qualifying Transaction to its NEOs. For the purposes of this section, the NEOs are Sean Hasson, as Chief Executive Officer, and Jeff Pennock, as Chief Financial Officer and James Crombie, as Executive Chairman, as there are no other executive officer of the Resulting Issuer or a Subsidiary whose total compensation will exceed \$150,000.

Name and Principal Position	Period Ended Dec. 31	Salary / Consulting Fees	Share-based Awards ⁽¹⁾	Option-based Awards ⁽²⁾	Non-equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans			
Sean Hasson, CEO	2023	\$73,000	Nil	Nil	Nil	Nil	Nil	Nil	\$73,000
Jeff Pennock, CFO	2023	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000
James Crombie, Executive Chairman	2023	\$24,000	Nil	Nil	Nil	Nil	Nil	Nil	\$24,000

Notes:

- (1) "Share-based Award" means an award under any equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, RSUs, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. In connection with the Completion of the Qualifying Transaction, no Share-based Awards will be granted to any of the NEOs listed above.
- (2) "Option-based Award" means an award granted under an equity incentive plan of stock options, including, for greater certainty, stock options, share appreciation rights and similar instruments that have option-like features. In connection with the Completion of the Qualifying Transaction, no Option-based Awards will be granted to any of the NEOs listed above.

Employment Agreements

At the Effective Time, the Resulting Issuer is expected to enter into an employment agreement with Sean Hasson pursuant to which Mr. Hasson will provide his services as Chief Executive Officer of the Resulting Issuer in consideration of an annual base salary of \$73,000. It is expected that the agreement will not include a severance clause which provides for the payment of salary, bonus or benefits if Mr. Hasson is terminated without cause. In addition, if the Resulting Issuer undergoes a change of control, Mr. Hasson will not be entitled to any additional salary, bonus or benefits.

Other than as may be provided pursuant to the employment agreement with Mr. Hasson, all as described herein, the Resulting Issuer is not now and will not be at the Effective Time party to any compensation plan or arrangement with NEOs resulting from the resignation or the termination of employment of any person.

Pension Plan Benefits

During the 12-month period following the Completion of the Qualifying Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation.

Director Compensation

Upon Completion of the Qualifying Transaction, the directors of the Resulting Issuer will determine if, and to what extent, compensation will be paid to directors for services rendered to the Resulting Issuer in their capacity as directors. It is anticipated that non-management directors will be reimbursed for transportation and other out-of-pocket expenses incurred for attendance at meetings of the board of directors and in connection with discharging their director functions. It is currently anticipated that any additional incentives paid to directors will be in the form of monthly director fees or through security-based compensation.

Indebtedness of Directors, Executive Officers and Senior Officers

Other than as described under the heading “*Part IV – Information concerning the Eastern Resources – Non-Arm’s Length Party Transaction*”, in the Eastern Resources MD&A and in note 14 of the interim financial statements of Eastern Resources for the period ended nine-months September 30, 2022 and note 13 of the audited annual financial statements of Eastern Resources for the year ended December 31, 2021 attached to this Filing Statement, no person who is a director or officer of St Charles, Eastern Resources or is proposed to be a director or officer of the Resulting Issuer, or any associate of the foregoing, is: (i) indebted to St Charles or Eastern Resources or a Subsidiary of St Charles or Eastern Resources; or (ii) is indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar Business Combination or understanding provided by St Charles, Eastern Resources or a Subsidiary of St Charles or Eastern Resources.

Investor Relations Arrangements

As of the date of this Filing Statement, the Resulting Issuer has no agreements in place for the provision of investor relations services. The Resulting Issuer may, in the future, engage investor relations services providers pursuant to applicable Exchange Policies.

Incentive Securities

Resulting Issuer Option Plan

Subject to Completion of the Qualifying Transaction, the Resulting Issuer Option Plan plans to retain the St Charles Option Plan.

The Exchange Policies provide that the board of directors of the Resulting Issuer may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and employees of the Resulting Issuer and its Affiliates and to consultants and management company employees (“**Optionees**”), non-transferable stock options to purchase Resulting Issuer Shares for a period of up to ten (10) years from the date of the grant, provided that the number of Resulting Issuer Shares reserved for issuance may not exceed 10% of the total issued and outstanding Resulting Issuer Shares at the date of the grant.

The purpose of the Resulting Issuer Option Plan, pursuant to which the Resulting Issuer may grant incentive stock options, is to promote the profitability and growth of the Resulting Issuer by facilitating the efforts of the Resulting Issuer to obtain and retain key individuals. The Resulting Issuer Option Plan provides an incentive for and encourages ownership of the Resulting Issuer Shares by its key individuals so that they may increase their stake in the Resulting Issuer and benefit from increases in the value of the Resulting Issuer Shares. Pursuant to the Resulting Issuer Option Plan, the maximum number of Resulting Issuer Shares reserved for issuance in any 12-month period to any one Optionee, other than a consultant, may not exceed 5% of the issued and outstanding Resulting Issuer Shares at the date of the grant. The maximum number of Resulting Issuer Shares reserved for issuance in any 12-month period to

any consultant may not exceed 2% of the issued and outstanding Resulting Issuer Shares at the date of the grant and the maximum number of Resulting Issuer Shares reserved for issuance in any 12-month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Resulting Issuer Shares at the date of the grant.

The maximum term of Resulting Issuer Options is not to exceed ten years from the date of the grant to an Optionee. Unless the board of directors of the Resulting Issuer determines otherwise, Resulting Issuer Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are contained in the Resulting Issuer Option Plan or as the board of directors of the Resulting Issuer may from time to time impose, or as may be required by the Exchange or under applicable securities law. Each Resulting Issuer Option and all rights thereunder shall expire upon a date fixed by the board of directors of the Resulting Issuer at the time such Resulting Issuer Option is granted, which date will not be more than ten years from the date of grant (the “**Option Expiry Time**”), but will be subject to earlier termination in accordance with the terms of the Resulting Issuer Option Plan.

Subject to the terms of the applicable stock option agreement, in the event that an Optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer for any reason other than death, the Resulting Issuer Option may be exercised at any time up to the earlier of (a) the Option Expiry Time and (b) a date that is 90 days (or such other period as determined by the board of directors of the Resulting Issuer, provided that such period is not more than one year) following the effective date of the resignation, retirement or notice of termination of employment. Notwithstanding the foregoing, in the event of termination for cause, such Resulting Issuer Option shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Optionee by the Resulting Issuer. In the event of death of an Optionee on or prior to the Option Expiry Time, the Resulting Issuer Options may be exercised within a maximum period of one year after such death.

St Charles Options granted while St Charles was a CPC may be exercised into Resulting Issuer Shares until the greater of twelve (12) months after the Completion of the Qualifying Transaction and twelve (12) months following the date the Optionee ceases to be a director, officer or employee of the Resulting Issuer or its Affiliates or a consultant or a management company employee, except if such cessation was by reason of death, in which case the St Charles Options may be exercised within a maximum period of one year after such death.

Options to Purchase Securities

The following table sets out the number of Resulting Issuer Options that are expect to be outstanding upon Completion of the Qualifying Transaction:

Group	Number of Resulting Issuer Options	Exercise Price Per Resulting Issuer Option	Expiry Date
Officers of the Resulting Issuer	684,000	\$0.10	April 25, 2027
Non-executive directors of the Resulting Issuer	Nil	\$-	-
Non-continuing St Charles officers and directors ⁽¹⁾	2,052,000	\$0.10	April 25, 2027 ⁽²⁾

Notes:

- (1) The non-continuing St Charles officers and directors who will hold Resulting Issuer Options following the Closing are Alain Krushnisky, Carole Plante, Mark Eaton and David Fennell.
- (2) St Charles Options granted while St Charles was a CPC may be exercised into Resulting Issuer Shares until the greater of twelve (12) months after the Completion of the Qualifying Transaction and twelve (12) months following the date the Optionee ceases to be a director, officer or employee of the Resulting Issuer or its Affiliates or a consultant or a management company employee, except if such cessation was by reason of death, the St Charles Option may be exercised within a maximum period of one year after such death.

Following the Completion of the Qualifying Transaction, it is expected that there will be 2,736,000 Resulting Issuer Options outstanding, each entitling the holder thereof to purchase one (1) Resulting Issuer Share at an exercise price as per above.

Currently, it is not anticipated that the board of directors of the Resulting Issuer will issue Resulting Issuer Options to directors and officers of the Resulting Issuer in connection with the Completion of the Qualifying Transaction. Any future grants of Resulting Issuer Options will be in accordance with the terms of the Resulting Issuer Option Plan, applicable requirements of the Exchange, and customary practices.

Escrowed and SSRR Securities

CPC Escrowed Securities

Certain of the St Charles Escrow Securities are held in escrow pursuant to Exchange Policy 2.4. Following the issuance of the Final QT Exchange Bulletin, it is expected that the Resulting Issuer will be a “Tier 2” issuer on the Exchange. As such, the St Charles Escrow Securities will be subject to the St Charles Escrow Agreement.

Pursuant to the St Charles Escrow Agreement, all St Charles Escrow Securities would be released from escrow in accordance with the following release schedule:

Percentage of Escrow Securities Released	Release Date
25%	Upon Final QT Exchange Bulletin
25%	6 months from Final QT Exchange Bulletin
25%	12 months from Final QT Exchange Bulletin
25%	18 months from Final QT Exchange Bulletin
100%	

The table below sets out the names of the anticipated holders of the St Charles Escrow Securities that will be subject to the St Charles Escrow Agreement. A total of 7,360,000 St Charles Shares, after giving effect to the Qualifying Transaction, will be held in escrow pursuant to the St Charles Escrow Agreement. No St Charles Options will be held in escrow pursuant to the St Charles Escrow Agreement.

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Qualifying Transaction ⁽¹⁾		After Giving Effect to the Qualifying Transaction ⁽²⁾	
	Number of St Charles Shares held in Escrow	Percentage of Class	Number of St Charles Shares to be held in escrow	Percentage of Class
James Crombie <i>Nassau, Bahamas</i>	1,500,000	5.48%	1,500,000	2.47%
Alain Krushnisky <i>Beaconsfield, Quebec</i>	300,000	1.10%	300,000	0.4%
Carole Plante <i>Montreal, Quebec</i>	160,000	0.58%	160,000	0.26%
David L. Fennell <i>Montreal, Quebec</i>	250,000	0.91%	250,000	0.41%
Mark Eaton <i>Toronto, Ontario</i>	400,000	1.46%	400,000	0.66%
John F. Fennell <i>San Francisco, United States of America</i>	250,000	0.91%	250,000	0.41%

Laurentian Mountains Investments Limited⁽¹⁾	500,000	1.83%	500,000	
<i>Nassau, Bahamas</i>				0.82%
Mary d'Eon Toronto, Ontario	1,000,000	3.65%	1,000,000	1.65%
Orimco Resources Investments Pty Ltd.⁽²⁾	1,500,000	5.48%	1,500,000	
<i>West Perth, Australia</i>				2.47%
Ronan Clohissey Toronto, Ontario	500,000	1.83%	500,000	0.82%
Patricia Zacarias Vancouver, British Columbia	500,000	1.83%	500,000	0.82%
John Rooney Calgary, Alberta	500,000	1.83%	500,000	0.82%
Total	7,360,000	26.89%	7,360,000	12.01%

Notes:

- (1) David A. Fennell, a director of the St Charles, is the principal of Laurentian Mountains Investments Limited.
(2) Orimco Resources Investments Pty Ltd. is a company wholly-owned by Nicholas Harch and Brett Gossage.

Surplus Escrow Securities

In connection with the Business Combination, the Exchange has discretion, in certain circumstances, to impose escrow provisions on the Resulting Issuer securities being issued to certain securityholders of the Resulting Issuer. Management anticipates that the Resulting Issuer will be a “Tier 2” issuer on the Exchange and that all Resulting Issuer securities held by the “Principals” of the Resulting Issuer will be subject to the Resulting Issuer Escrow Agreement. “Principals” of the Resulting Issuer include all directors, all senior officers and any shareholder who holds in excess of 20% of the Resulting Issuer Shares. It also includes any shareholder of the Resulting Issuer who holds in excess of 10% of the Resulting Issuer Shares and who has been elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Resulting Issuer. The table below sets out the name of the anticipated Principal of the Resulting Issuer.

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Qualifying Transaction		After Giving Effect to the Qualifying Transaction	
		Number of securities held in Escrow	Percentage of Class	Number of securities to be held in escrow	Percentage of Class ⁽¹⁾
Sean Hasson <i>Sofia, Bulgaria</i>	Common Shares	Nil	Nil	9,523,800	15.69%

Note:

- (1) Presented on a non-diluted basis and assuming 60,693,300 Resulting Issuer Shares expected to be issued and outstanding upon the Completion of the Qualifying Transaction.

The Resulting Issuer Shares held by the Principal set out in the table above (the “**Escrowed Securities**”) will be released from escrow in accordance with the following schedule set forth in the Resulting Issuer Surplus Escrow Agreement:

Percentage of Escrow Securities Released	Release Date
5%	Upon Final QT Exchange Bulletin
5%	6 months from Final QT Exchange Bulletin
10%	12 months from Final QT Exchange Bulletin
10%	18 months from Final QT Exchange Bulletin
15%	24 months from Exchange Bulletin
15%	30 months from Exchange Bulletin
40%	36 months from Exchange Bulletin

Seed Share Resale Restrictions

In addition to the escrow restrictions imposed on “Principals” of the Resulting Issuer, the Exchange has certain Seed Share Resale Restrictions (“SSRRs”) which impose various hold periods where Seed Shares are issued to non-Principals by private companies in connection with a Qualifying Transaction. The SSRRs are in addition to any statutory hold periods imposed under Applicable Laws. The table below sets forth the names of security holders whose Resulting Issuer Shares will be escrowed in accordance with the Resulting Issuer Value Escrow Agreement.

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Qualifying Transaction		After Giving Effect to the Qualifying Transaction	
		Number of securities held in Escrow	Percentage of Class	Number of securities to be held in escrow	Percentage of Class ⁽¹⁾
Vasil Andreev <i>Sofia, Bulgaria</i>	Common Shares	Nil	Nil	9,523,800	15.69%
Danko Jelev <i>Sofia, Bulgaria</i>	Common Shares	Nil	Nil	9,523,800	15.69%

Note:

(1) Presented on a non-diluted basis and assuming 60,693,300 Resulting Issuer Shares expected to be issued and outstanding upon the Completion of the Qualifying Transaction.

The Resulting Issuer Shares held by the Eastern Resources Shareholders set out in the table above (the “SSRR Securities”) will be released from escrow in accordance with the following schedule set forth in the Resulting Issuer Value Escrow Agreement:

Percentage of Escrow Securities Released	Release Date
10%	Upon Final QT Exchange Bulletin
15%	6 months from Final QT Exchange Bulletin
15%	12 months from Final QT Exchange Bulletin
15%	18 months from Final QT Exchange Bulletin
15%	24 months from Exchange Bulletin
15%	30 months from Exchange Bulletin
15%	36 months from Exchange Bulletin

The Escrowed Securities and SSRR Securities held by the security holders set forth above (together, the “**Escrowed Securities**”) may not be sold, assigned, transferred, redeemed, surrendered or otherwise dealt with in any manner except provided by their respective Resulting Issuer Escrow Agreement. Escrowed Securities may be transferred within escrow to an individual who is a director or senior officer of the Resulting Issuer or a material operating Subsidiary of the Resulting Issuer, provided that certain requirements of the Exchange are met, including that the new proposed transferee agrees to be bound by the terms of the agreement. In the event of bankruptcy of, the holder of Escrowed Securities (the “**Escrowed Securityholder**”) held by such holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such Escrowed Securities provided that certain prescribed Exchange requirements are met. Escrowed Securities may also be transferred within escrow by an Escrowed Securityholder to a RRSP or a RRIF provided that the Exchange receives proper notice of the same, the Escrowed Securityholder is the sole beneficiary of the RRSP or RRIF and the trustee of the RRSP or RRIF agrees to be bound by the terms of the Resulting Issuer Escrow Agreement. In the event of the death of an Escrowed Securityholder, the Escrowed Securities shall be released to the legal representatives of the deceased holder thereof.

Escrowed Securityholders who are not individuals will provide undertakings to the Exchange that they will not issue securities of their own issue or effect or permit a transfer of ownership of securities of their own issue that would have the effect of changing the beneficial ownership of, or control or direction over, the Escrowed Securities.

Auditors

The auditor of the Resulting Issuer is expected to be Raymond Chabot Grant Thornton LLP, located at Suite 2000, National Bank Tower, 600 De La Gauchetière Street West, Montréal, Québec H3B 4L8.

Transfer Agent And Registrar

TSX Trust Company, located at Suite 1800, 1190 avenue des Canadiens-de-Montréal, C.P. 37, Montréal, Québec H3B 0G7, will be the transfer agent and registrar for the Resulting Issuer Shares.

PART II – RISK FACTORS

The current business of Eastern Resources will be the business of the Resulting Issuer following Completion of the Qualifying Transaction. Accordingly, risk factors relating to Eastern Resources’ current business will be risk factors relating to the Resulting Issuer’s business. Due to the nature of the Resulting Issuer’s business, the legal and economic climate in which it operates and its present stage of development and proposed operations, the Resulting Issuer will be subject to significant risks. The Resulting Issuer’s future development and actual operational results may be very different from those expected as at the date of this Filing Statement. Readers should carefully consider all such risks, which include but are not limited to outlined below.

The following is a summary of certain risk factors relating to the Qualifying Transaction and to the business of the Resulting Issuer and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Filing Statement.

Risk Factors Relating to the Business Combination

Completion of the Qualifying Transaction and Exchange Approval

The Completion of the Qualifying Transaction is subject to several conditions precedent. There can be no assurance that the Qualifying Transaction will be completed on the terms set out in the Business Combination Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Qualifying Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will issue the Final QT Exchange Bulletin.

Termination of the Business Combination in Certain Circumstances

Each of St Charles and Eastern Resources has the right to terminate the Business Combination Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurances that the Business Combination Agreement will not be terminated by either St Charles or Eastern Resources before the Completion of the Qualifying Transaction. In addition, the Completion of the Qualifying Transaction is subject to a number of conditions precedent, certain of which are outside the control of St Charles and Eastern Resources, including shareholder and regulatory approvals as applicable. See “Part I – Information Concerning the Business Combination – Conditions to the Business Combination”. There is no certainty that these conditions will be satisfied on a timely basis or at all.

Tax Consequences

The transactions described herein may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder’s specific circumstances. Such tax consequences are not described herein and this Filing Statement is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Risk Factors Relating to the Resulting Issuer

Upon completion of the Business Combination, the current business of Eastern Resources will largely become the business of the Resulting Issuer. As such, the future operations of the Resulting Issuer will be subject to risks incidental to the nature of the business and the legal and economic climate in which Eastern Resources operates and intends to operate. There are numerous and varied risks, known and unknown, that may prevent the Resulting Issuer from achieving its goals. If any of these risks occur, the Resulting Issuer’s business, financial condition or results of operations may be adversely affected. In any such case, the trading price of the Resulting Issuer Shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Resulting Issuer.

Exploration Risks

Mining operations generally involve a high degree of risk. The Resulting Issuer’s operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Resulting Issuer will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Resulting Issuer towards the search and evaluation of minerals will result in discoveries of commercial quantities of minerals.

Limited Operating History

Eastern Resources does not have any history of earnings or profitability. The work undertaken on the Kostilkovo Gold Property and the Kutel Gold Property is still in the exploratory stage. The likelihood of success of the Resulting Issuer must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business particularly in the junior mineral exploration sector. The Resulting Issuer will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Resulting Issuer will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Because Eastern Resources has a limited operating history, investors should consider and evaluate the Resulting Issuer's operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that its growth strategy may not be successful; and
- risks that fluctuation in its operating results will be significant relative to its revenues.

The Resulting Issuer's future growth will depend substantially on its ability to address this and other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

Additional Financing

Eastern Resources believes that its existing capital will be sufficient to meet the Resulting Issuer's presently anticipated working capital and capital expenditure requirements for the near future. This belief is based on its operating plan which, in turn, is based on assumptions, which may prove to be incorrect. In addition, the Resulting Issuer may need to raise significant additional funds sooner to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Resulting Issuer cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Resulting Issuer may be unable to develop or enhance its properties, take advantage of future opportunities, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Volatile Global Financial and Economic Conditions

Current global financial and economic conditions remain extremely volatile and unpredictable, which may impact the Resulting Issuer's ability to obtain financing in the future on favourable terms or obtain any financing at all. Additionally, negative global economic conditions may cause a long-term decrease in asset values. If such global volatility and market turmoil recur or continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

The Market Price of Securities is Volatile and may not Accurately Reflect the Long-Term Value of the Resulting Issuer

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of Resulting Issuer Shares to sell their securities at an advantageous price. Market price fluctuations in the Resulting Issuer Shares may be due to the Resulting Issuer's operating results failing to meet expectations of securities analysts or investors in any period, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Resulting Issuer or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Resulting Issuer Shares.

Financial markets historically experience significant price and volume fluctuations at times, which have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted, and the trading price of the Resulting Issuer Shares may be materially adversely affected.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained, and an investor may find it difficult to resell any securities of the Resulting Issuer.

Commodity Prices

The price of the Resulting Issuer Shares, its financial results, and exploration and development activities may in the future be significantly adversely affected by declines in the price of minerals. The price of minerals fluctuates widely and is affected by numerous factors beyond the Resulting Issuer's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Bulgarian lev and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels, carrying charges and the on-going war in Ukraine. Future serious price declines in the market value of minerals could cause development of and commercial production from the Resulting Issuer's properties to be impracticable. Future production from the Resulting Issuer's mineral exploration properties is dependent upon the prices of minerals being adequate to make these properties economic.

Although commodity prices have increased due to inflation, future declines in commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Reliability of Resource Estimates

There is no certainty that any mineral resources identified in the future on any of the Resulting Issuer's properties will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Resulting Issuer. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in mineral prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Resulting Issuer's results of operations and financial condition from time to time.

Operating Risks and Insurance Coverage

No assurance can be given that insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Environmental Risks and Hazards

All phases of the Resulting Issuer's operations will be subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Resulting Issuer's operations. Environmental hazards may exist on the properties on which the Resulting Issuer holds interests which are unknown to the Resulting Issuer, and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits will, and may in the future, be required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with Applicable Laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of Applicable Laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Land Title

No assurances can be given that there are no title defects affecting any property interests of the Resulting Issuer. Title insurance generally is not available, and the Resulting Issuer's ability to ensure that it has obtained secure claims, with clear title, to individual mineral properties or mining concessions may be severely constrained. Accordingly, the Resulting Issuer's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Resulting Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Dependence on the Kostilkovo Gold Property and Kutel Gold Property

Presently, the Kostilkovo Gold Property and the Kutel Gold Property will account for all of the Resulting Issuer's future revenue. Any adverse development affecting the progress of the Kostilkovo Gold Property and the Kutel Gold Property such as, but not limited to, obtaining development financing on commercially suitable terms, hiring suitable personnel and mining contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Resulting Issuer's financial performance and results of operations. Ongoing activity at the Kostilkovo Gold Property and the Kutel Gold Property will be undertaken without established mineral resources or mineral reserves and the economic viability of the operations on either project have not been established.

Exploration and Development Risk

The Kostilkovo Gold Property and the Kutel Gold Property are in the exploration stage will require extensive expenditures during the exploration stage. The vast majority of properties which are explored are not ultimately developed into producing mines. There is no assurance that the Resulting Issuer's mineral exploration and development activities will result in any discoveries of mineral resources or mineral reserves, or that minerals will be discovered in sufficient grade or quantities to justify commercial operations. The long-term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Early Stage Development

On Completion of the Qualifying Transaction, the Resulting Issuer will be in the business of mineral exploration, with the ultimate goal of producing, achieving commercial production. Kostilkovo Gold Property and the Kutel Gold Property will not have commenced commercial production and the Resulting Issuer will have no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Resulting Issuer will be able to develop the Kostilkovo Gold Property and the Kutel Gold Property profitably or that its activities will generate positive cash flow. The Resulting Issuer will not have paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Resulting Issuer will have limited cash and other assets. A prospective investor in the Resulting Issuer must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Resulting Issuer's management in all aspects of the development and implementation of the Resulting Issuer's business activities.

Ability to Exploit Future Developments

It may not always be possible for the Resulting Issuer to participate in the exploitation of successful discoveries. Such exploitation may involve the need to obtain licenses or clearance from the relevant authorities, which may not be available on a timely basis or may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied, and such conditions may prove uneconomic or not practical. Furthermore, the decision to proceed to further exploration may require the participation of other companies whose interest and objectives may not be consistent with those of the Resulting Issuer. Such further exploitation may also require the Resulting Issuer to meet or commit to financial obligations which it may not have anticipated or may not be able to commit to due to a lack of funds or an inability to raise funds.

Deficient Third Parties' Reviews, Reports and Projections

The Resulting Issuer relies upon third parties to provide analysis, reviews, reports, advice and opinions regarding the Resulting Issuer's projects. There is a risk that such analysis, reviews, reports, advice, opinions and projects are inaccurate, in particular with respect to resource estimation, process development and recommendations for products to be produced as well as with respect to economic assessments including estimating the capital and operation costs of the Resulting Issuer's project and forecasting potential future revenue streams. Uncertainties are also inherent in such estimations.

Government Regulation

The Resulting Issuer's current and future operations, from exploration through development activities and commercial production, if any, are and will be governed by Applicable Laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities, generally experience increased costs and delays in production and other schedules as a result of the need to comply with Applicable Laws, regulations and permits. The Resulting Issuer has received all necessary permits for the exploration work it is presently conducting; however, there can be no assurance that all permits which the Resulting Issuer may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis or at all, or that such laws and regulations would not have an adverse effect on any project which the Resulting Issuer may undertake.

Failure to comply with Applicable Laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have an adverse impact on the Resulting Issuer and cause increases in capital expenditures or require abandonment or delays in exploration.

Reliance on Management

The success of the Resulting Issuer will be dependent on the performance of its senior management and members of the board of directors. The loss of services of these persons would have a material adverse effect on the Resulting Issuer's business and prospects in the short-term. There is no assurance the Resulting Issuer will be able to maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Conflicts of Interest

Certain directors and officers of the Resulting Issuer may also be directors, officers, or shareholders of other companies in the mineral exploration industry and in other industries, which may give rise to conflicts of interest from time-to-time. The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interest that they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the board or directors, any director in a conflict is required under the applicable corporate laws to disclose his interest and to abstain from voting on such matter.

Risks Associated with Increasing Competition

The mining industry is competitive in all of its phases. The Resulting Issuer will face strong competition from other mining companies in connection with the acquisition of properties prospective for precious and base metals, and for

technical and exploration personnel who can help advance such properties. Many of these companies will have greater financial resources, operational experience and technical capabilities than the Resulting Issuer. As a result of this competition, the Resulting Issuer may be unable to maintain or acquire additional attractive mining properties on terms it considers acceptable or at all. Consequently, the Resulting Issuer's revenues, operations and financial condition could be materially adversely affected.

Management of Growth

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and prospects.

Dividends

The Resulting Issuer will have no earnings or dividend record and does not anticipate paying any dividends on the Resulting Issuer's common shares in the future.

Internal Controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's financial statements and materially adversely affect the trading price of the Resulting Issuer's common shares.

Liability for Activity of Employees, Contractors and Consultants

The Resulting Issuer could be liable for fraudulent or illegal activity by its contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Resulting Issuer. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Resulting Issuer. Consequently, the Resulting Issuer will be subject certain risks, including the risk that contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Resulting Issuer.

Disruption of Business

Conditions or events including, but not limited to, those listed below could disrupt the Resulting Issuer's operations and/or increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters including, but not limited to, hurricanes, tornadoes, floods, fires, extreme heat, and earthquakes; (ii) a local, regional, national or international outbreak of a contagious disease, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "*Public Health Crises*" below); (iii) political instability, social or labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public Health Crises

The Resulting Issuer's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises beyond its control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Resulting Issuer of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. At this point, the extent to which COVID-19 may impact the Resulting Issuer is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Foreign Currency Rate Risk

Currency fluctuations may materially affect the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer's earning and cash flow may also be affected by fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Bulgarian Lev, and the Canadian dollar. The Resulting Issuer will not engage in currency hedging to offset any risk of currency fluctuations.

Damage to the Resulting Issuer's Reputation

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information, opinions and statements concerning the Resulting Issuer may be posted on such platforms at any time. Information posted may be adverse to the Resulting Issuer's interests or may be inaccurate, each of which may harm the Resulting Issuer's performance, prospects or business. Any damage to the Resulting Issuer's reputation, whether arising from the conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with provincial securities commissions, the Exchange, security breaches or otherwise could have a material adverse effect on the business and results of operation of the Resulting Issuer. The harm may be immediate without affording the Resulting Issuer an opportunity for redress or correction. Ultimately, the risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm the reputation, business, financial condition and results of operations of the Resulting Issuer.

Political Instability, Sovereign and Regulatory Risk

The Resulting Issuer's mineral exploration activities and future project development could be affected in varying degrees by political instability and changes in government regulation relating to foreign investment and the mining business, including expropriation. Operations may also be affected in varying degrees by possible terrorism, military conflict, crime, fluctuations in currency rates and high inflation. In addition, from time to time, governments may nationalize private businesses, including mining companies. There can be no assurance that the governments of countries where the Resulting Issuer or its affiliates operate or the governments with whom the Resulting Issuer works will not nationalize mining companies and their assets in the future, or impose burdensome obligations or restrictions.

There can also be no assurance that foreign governments will not impose burdensome obligations or restrictions on the Resulting Issuer, the Resulting Issuer's affiliates or their projects, or will not put in place exploitation regulations in a timely manner or on commercial terms sufficiently attractive to the Resulting Issuer to enable development of its projects.

Dependence on Key Management Employees

The Resulting Issuer's exploration programs will depend on the business and technical expertise of key executives, including the directors of the Resulting Issuer and a small number of highly-skilled and experienced executives and personnel. Due to the relatively small size of the Resulting Issuer, the loss of any of these individuals or the Resulting Issuer's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. Eastern Resources does not currently have key man insurance in place with respect to any of these individuals.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

Tax regimes in foreign jurisdictions may be subject to sudden changes. The Resulting Issuer's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for the Resulting Issuer.

Geopolitical Uncertainty and Economic Outlook

The Resulting Issuer's operations and its ability to access capital may be impacted by the war in Ukraine which has increased geopolitical uncertainty and has contributed to the rise in inflation. To combat inflationary pressures, the national federal reserve may have to raise interest rates faster or to higher rates than previously expected. The Eurozone economy experienced a slow start in 2022 due to supply bottlenecks and surging energy prices and is expected to further slow the economy recovery and significantly increase inflationary pressures.

The war in Ukraine drives uncertainties including geopolitical tensions, which are hard to predict and could be severe. Higher inflationary pressures could lead central banks to resort to aggressive tightening stance, potentially causing a sharply negative reaction in financial markets and most likely a significant economic recession in Europe as well as Canada.

Risks Related to Mining Operations

Substantial Capital Expenditures Required

Substantial expenditures are required to (i) establish mineral reserves through drilling, (ii) develop metallurgical processes to extract metal from the ore and, (iii) in the case of new properties, develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Resulting Issuer. In addition, because of these risks, there is no certainty that the expenditures to be made by the Resulting Issuer on the exploration of its mineral property, as described herein, will result in the discovery of commercial quantities of ore.

Adequate Infrastructure may not be Available to Develop the Kostilkovo Gold Property and the Kutel Gold Property

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government, gas and energy interruptions caused by the war in Ukraine or

other interference in the maintenance or provision of such infrastructure could adversely affect or inhibit the operations at the Kostilkovo Gold Property or the Kutel Gold Property in respect of which the Resulting Issuer holds an interest, which may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Permits and Licenses

Operations of the Resulting Issuer will require licences and permits from various governmental authorities. The Resulting Issuer anticipates that it will be able to obtain in the future all necessary licences and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licences and permits. However, there can be no guarantee that the Resulting Issuer will be able to obtain at all or on reasonable terms, and maintain, at all times, all necessary licences and permits required to undertake its proposed exploration and development or to place its property into commercial production and to operate mining facilities thereon.

Additional Costs may be Incurred by Mineral Property Operators as a Result of International Climate Change Initiatives

The Resulting Issuer acknowledges climate change as an international and community concern. The Resulting Issuer supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. In addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Resulting Issuer expects this may result in increased costs at the Kostilkovo Gold Property and the Kutel Gold Property, which could have a material impact on the viability of either or both of the Kostilkovo Gold Property and the Kutel Gold Property and impair the revenue derived from the interest, which could have a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Disruption from Non-Governmental Organizations

As is the case with any businesses which operate in the mining industry, the Resulting Issuer may become subject to pressure and lobbying from non-governmental organizations. There is a risk that the demands and actions of non-governmental organizations may cause significant disruption to the Resulting Issuer's business which may have a material adverse effect on its operations and financial condition.

Health & Safety

Mining, like many other exploration or extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Resulting Issuer and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Resulting Issuer as an employer.

There is no assurance that the Resulting Issuer has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Resulting Issuer from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Resulting Issuer's business, financial condition and results of operations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital expenditures or production costs, reduction in the levels of production at producing properties, or abandonment or delays in development of new mining properties.

Operating Hazards and Risks

Mineral resource exploration and development and the operation of mineral processing facilities involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include failure of equipment or processing facilities to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government or regulatory action or delays, unanticipated events related to health, safety and environmental matters, formation pressures, fires, power outages, labour disruptions, flooding, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Resulting Issuer may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. Although the Resulting Issuer plans to maintain liability insurance in an amount it considers adequate, the nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Resulting Issuer might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Resulting Issuer's financial condition.

Potential Political, Social and Economic Instability in Bulgaria

The principal mineral property interests of the Resulting Issuer will be located exclusively in Bulgaria. Although the Resulting Issuer believes that the current conditions in Bulgaria are relatively stable and conducive to conducting business, the Resulting Issuer's current and future mineral exploration and mining activities could be impacted by adverse political or economic developments. Such adverse developments may include widespread civil unrest and rebellion, the imposition of unfavourable government regulations on foreign investment, production and extraction, prices, exports, income taxes, expropriation of property, environmental compliance and worker safety.

Bulgaria has experienced difficulties in forming a viable government after the failure to secure a majority in the national assembly on July 27, 2022. Due to the unstable nature of the governing political party, there have been increased disruptions and delays in the bureaucratic operations of the Bulgarian government. As a result, there are increased uncertainties as to whether the Resulting Issuer will be able to secure the necessary licenses and permits required to continue its operations on the Kostilkovo Gold Property and the Kutel Gold Property. Management of Eastern Resources currently expects that the Resulting Issuer will be able to secure the necessary approvals required to extend the term of its license with respect to the Kostilkovo Gold Property; however, there is no guarantee or assurance that such approvals will be secured in a timely manner or at all.

Anti-Corruption and Bribery Regulation

The Resulting Issuer will be required to comply with anti-corruption and anti-bribery laws in the jurisdiction of Bulgaria which has recently introduced new laws to strengthen the capacity of specialized law enforcement, judicial and other relevant officers to effectively investigate cases of corruption and related financial crime. As a result, there may be greater scrutiny and punishment of companies convicted of violating anti-corruption and anti-bribery laws. Although the Resulting Issuer will take steps intended to address these matters, such as through the adoption of an Anti-Bribery and Anti-Corruption Policy, no assurance can be given that the Resulting Issuer, or its employees, contractors or third-party agents will comply with such steps or with such laws or company policy. If the Resulting Issuer is the subject of an enforcement action or in violation of such laws, it may result in significant penalties, fines and/or sanctions imposed on the Resulting Issuer resulting in a material adverse effect on the Resulting Issuer's reputation and results of its operations.

Risks Related to the Resulting Issuer's Social License to Operate

While the Resulting Issuer will endeavor to maintain strong and constructive relationships with its stakeholders, including applicable governmental authorities and the general public and local communities surrounding its properties, there is no assurance that such stakeholders will continue to be accepting of the Resulting Issuer's business practices and operating procedures or of the gold mining industry in general, or that the social standards to which companies

(such as the Resulting Issuer) are expected to adhere to in order to maintain such social license will not increase or materially change over time. Should applicable stakeholders cease to be accepting of the Resulting Issuer's business practices or operating procedures or of the gold mining industry in general, or if social standards increase or materially change over time in a manner that the Resulting Issuer is unable to satisfy, this could adversely affect the business, financial condition and results of operations of the Resulting Issuer.

PART VI – GENERAL MATTERS

Sponsorship Matters and Agent Relationship

On August 8, 2022, St Charles, Eastern Resources and the Sponsor entered into a Sponsorship Agreement whereby the Sponsor was appointed to act as sponsor to the Qualifying Transaction in accordance with Exchange Policy 2.2.

As consideration for the work performed under the Sponsorship Agreement, St Charles has agreed to pay the Sponsor in cash a non-refundable: (i) work fee of \$30,000 (plus applicable taxes) due upon the execution of the Sponsorship Agreement; and (ii) sponsorship fee of \$100,000 (plus applicable taxes), inclusive of a non-refundable fee of \$30,000, due upon delivery of the sponsor report by the Sponsor. In addition, St Charles agreed to reimburse the Sponsor, upon request and termination of the Sponsorship Agreement, for reasonable expenses or fees: (i) related to the services arising from any matter set forth in the Sponsorship Agreement up to \$15,000; following which, the Sponsor will obtain prior written consent from St Charles; and (ii) incurred by the Sponsor's legal counsel up to a maximum of \$25,000 (plus disbursements and applicable taxes), unless otherwise approved St Charles.

St Charles and Eastern Resources have not entered into any agreement with any registrant to provide corporate finance services other than as set forth in this Filing Statement.

Experts

Reports

The following professional persons have prepared reports or have provided opinions that are either included or referenced within this Filing Statement:

- (a) Auditor's reports prepared by Raymond Chabot Grant Thornton LLP, auditor for St Charles, and included with the financial statements of St Charles attached to this Filing Statement;
- (b) Auditor's reports prepared by Grant Thornton OOD, auditor for Eastern Resources, and included with the financial statements of Eastern Resources attached to this Filing Statement.
- (c) St Charles retained Mark Burnett, CGeol (UK), Euro. Geol (Europe) of AMC Consultants (UK) Limited and Paul Greenhill, FAusIMM (CP) of AMC Consultants Pty Ltd. to prepare the Kostilkovo Gold Technical Report. The Kostilkovo Gold Technical Report is referenced in "*Information Concerning Eastern Resources – Description of the Business*".
- (d) St Charles retained Mark Burnett, CGeol (UK), Euro. Geol (Europe) of AMC Consultants (UK) Limited to prepare the Kutel Gold Technical Report. The Kutel Gold Technical Report is referenced in "*Information Concerning Eastern Resources – Description of the Business*".

Interests of Experts

To the knowledge of management of St Charles and Eastern Resources, none of the experts above, or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of St Charles or Eastern Resources, has received or will receive any direct or indirect interests in the property of St Charles or Eastern Resources or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

Other Material Facts

There are no material facts about St Charles, Eastern Resources, the Resulting Issuer or the Qualifying Transaction that are not disclosed within this Filing Statement which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to St Charles, Eastern Resources and the Resulting Issuer, assuming Completion of the Qualifying Transaction.

Approval of the Directors

The contents and sending of this Filing Statement have been approved by the board of directors of each of St Charles and Eastern Resources. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than St Charles or Eastern Resources, St Charles and/or Eastern Resources has relied upon information furnished by such person.

CERTIFICATE OF ST CHARLES RESOURCES INC.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of St Charles Resources Inc. assuming Completion of the Qualifying Transaction.

DATED February 23, 2023.

ST CHARLES RESOURCES INC.

Per: (Signed) "James Crombie"
James Crombie
President, Chief Executive Officer and Director

Per: (Signed) "Alain Krushnisky"
Alain Krushnisky
Chief Financial Officer and Director

Per: (Signed) "David A. Fennell"
David A. Fennell
Director

Per: (Signed) "Mark Eaton"
Mark Eaton
Director

CERTIFICATE OF EASTERN RESOURCES OOD

The foregoing, as it relates to Eastern Resources OOD constitutes full, true and plain disclosure of all material facts relating to the securities of Eastern Resources OOD.

DATED February 23, 2023.

EASTERN RESOURCES OOD

Per: (Signed) "Sean Hasson"
Sean Hasson
Executive Director Exploration

Per: (Signed) "Danko Zhelev"
Danko Zhelev
Executive Director

Per: (Signed) "Sean Hasson"
Sean Hasson
Director

Per: (Signed) "Danko Zhelev"
Danko Zhelev
Director

CERTIFICATE OF SPONSOR

To the best of our information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to St Charles Resources Inc. assuming Completion of the Qualifying Transaction.

DATED February 23, 2023.

**iA CAPITAL MARKETS, A DIVISION OF iA
PRIVATE WEALTH INC.**

Per: (Signed) *"Frank Lanchance"*

Frank Lanchance

Vice President, Head of Capital Markets

Per: (Signed) *"Vilma Jones"*

Vilma Jones

Managing Director, Co-Head of Equity Capital
Markets

Appendix A

**FINANCIAL STATEMENTS OF ST CHARLES RESOURCES INC.
FOR THE PERIOD FROM INCORPORATION (JULY 16, 202) TO DECEMBER 31, 2021
AND FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

ST CHARLES RESOURCES INC.

FINANCIAL STATEMENTS

**For the period from incorporation (July 16, 2021)
to December 31, 2021**

Independent Auditor’s Report

Raymond Chabot
Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec
H3B 4L8

T 514-878-2691

To the Shareholders of
St Charles Resources Inc.

Opinion

We have audited the financial statements of St Charles Resources Inc. (hereafter “the Company”), which comprise the statement of financial position as at December 31, 2021 and the statements of net loss and comprehensive loss, changes in shareholders’ equity and cash flows for the initial 168-day period from incorporation (July 16, 2021) to December 31, 2021, 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 December 31, 2021, and its financial performance and its cash flows for the initial 168-day period from incorporation (July 16, 2021) to December 31, 2021 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 1 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.

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.

Raymond Chabot Grant Thornton LLP¹

Montréal

February 3, 2022, except as to Note 11 a) which is as of April 1, 2022

¹ CPA auditor, CA public accountancy permit no. A127023

ST CHARLES RESOURCES INC.

Statement of Financial Position

	December 31,
<i>(in Canadian dollars)</i>	2021
	\$
ASSETS	
Current	
Cash	322,446
Sales taxes receivable	3,577
Deferred financing costs (Note 4)	65,315
TOTAL ASSETS	391,338
LIABILITIES	
Current	
Accounts payable and accrued liabilities (Note 5)	23,982
TOTAL LIABILITIES	23,982
SHAREHOLDERS' EQUITY	
Share capital (Note 6)	368,000
Deficit	(644)
TOTAL SHAREHOLDERS' EQUITY	367,356
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	391,338

Nature of operations, going concern and COVID-19 (Note 1)

Events after the Reporting Date (Note 11)

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

On behalf of the Board,

/s/ James Crombie
James Crombie, Director

/s/ Mark Eaton
Mark Eaton, Director

ST CHARLES RESOURCES INC.
Statement of Net Loss and Comprehensive Loss

	Period from incorporation (July 16, 2021) to December 31, 2021
<i>(in Canadian dollars)</i>	\$
<hr/>	
Expenses	
General and administrative	644
Net loss and comprehensive loss for the period	644
<hr/>	
Loss per share	
Basic and diluted (Note 6)	(0.00)
<hr/>	
Weighted average number of shares outstanding	
Basic and diluted	5,277,895
<hr/>	

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

ST CHARLES RESOURCES INC.
Statement of Changes in Shareholders' Equity

<i>(in Canadian dollars)</i>	Number of issued and outstanding common shares	Share capital \$	Deficit \$	Total shareholders' equity \$
Balance at July 16, 2021	-	-	-	-
Seed common shares issued for cash (Note 6)	7,360,000	368,000	-	368,000
Net loss for the period	-	-	(644)	(644)
Balance at December 31, 2021	7,360,000	368,000	(644)	367,356

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

ST CHARLES RESOURCES INC.
Statement of Cash Flows

	Period from incorporation (July 16, 2021) to December 31, 2021
<i>(in Canadian dollars)</i>	\$
Operating activities	
Net loss for the period	(644)
Changes in other working capital items	
Sales taxes receivable	(3,577)
Accounts payable and accrued liabilities	59
	(4,162)
Financing activities	
Issue of shares (Note 6)	368,000
Deferred financing costs (Note 4)	(41,392)
	326,608
Net change in cash	322,446
Cash, beginning of period	-
Cash, end of period	322,446
Supplemental information	
Additions to deferred financing costs, included in accounts payable and accrued liabilities (Note 4)	23,923

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

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

1. NATURE OF OPERATIONS, GOING CONCERN AND COVID-19

St Charles Resources Inc. (the “Company” or “St Charles”) was incorporated on July 16, 2021 pursuant to the provisions of the Business Corporations Act (Ontario).

The Company intends to carry on business as a Capital Pool Corporation (“CPC”), as such term is defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4 – Capital Pool Companies (“CPC Policy 2.4”). As at December 31, 2021, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company’s principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company’s registered head office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada M5J 2T3.

The Company intends to complete an initial public offering (the “IPO”) subsequent to December 31, 2021. The gross proceeds raised from the IPO may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed “Qualifying Transaction” as such term is defined in Exchange CPC Policy 2.4 (“Transaction Expenses”) with the exception that general and administrative expenses are capped at \$3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time-limited.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Going concern

These financial statements were prepared on a going-concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and will be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of \$644 for the period from incorporation (July 16, 2021) to December 31, 2021. However, the Company believes that its working capital balance as at December 31, 2021 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to obtain additional financing and complete a Qualifying Transaction. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

1. NATURE OF OPERATIONS, GOING CONCERN AND COVID-19 (continued)

COVID-19

The outbreak of the coronavirus (COVID-19) has resulted in a major global health crisis which at the date of these financial statements continues to have a significant impact on the global economy and the financial markets. The Company's ability to complete its IPO and a Qualifying Transaction could be significantly adversely affected by the effects of COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved these financial statements and authorized for issue on February 3, 2022.

Basis of measurement

These financial statements were prepared on a historical cost basis and on an accrual basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. SUMMARY OF ACCOUNTING POLICIES

Deferred financing costs

Financing costs related to the Company's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to profit or loss.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income ("FVOCI"), as appropriate. The Company considers whether a contract (other than a financial asset) contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required as at December 31, 2021. The Company has no financial assets at FVPL and at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash is classified as and measured at amortized cost.

Financial liabilities

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

A loss allowance for expected credit losses is recognized in net loss for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and, if any, FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has deteriorated significantly since initial recognition and whose credit risk is low.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

A financial liability is derecognised when the associated obligation is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. 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. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

Income taxes

When applicable, income tax on the profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set off current tax assets and liabilities from the same taxation authority.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Share capital

Share capital represents the amount received on the issue of shares, less issuance costs.

Share-based payment transactions

The Company uses the fair value-based method of accounting for share-based payment arrangements. The fair value of share-based payments to directors, officers, employees and consultants with employee-related functions is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. Financing warrants and warrants to brokers, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of the options granted is measured using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus, are credited to share capital.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

During the period from incorporation (July 16, 2021) to December 31, 2021, no options were issued or outstanding. Therefore, basic and diluted loss per share are the same for the period presented.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Income, sales taxes, withholding and other taxes

The Company is subject to income, sales taxes, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, sales taxes, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Accounting standards issued but not yet applied

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than December 31, 2021. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

4. DEFERRED FINANCING COSTS

The deferred financing costs as at December 31, 2021 totaling \$65,315 related mainly to expenses associated with the IPO (Note 11).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities as at December 31, 2021 totaling \$23,982 consisted mostly of accrued professional expenses.

6. SHARE CAPITAL

Authorized and issued

An unlimited number of common shares with no par value.

Seed shares issued

During the reporting period, the Company issued an aggregate of 7,360,000 seed common shares at a price of \$0.05 per share for gross proceeds of \$368,000. Of these, 2,860,000 were issued to directors and officers of the Company for gross proceeds of \$143,000.

Shares subject to escrow after completion of the IPO

After completing the IPO, all issued and outstanding seed shares will be subject to a uniform 18-month escrow release schedule following the Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement to be entered on or prior to the IPO between the Company, TSX Trust Company, and certain shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange. All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

7. STOCK OPTIONS

On August 16, 2021, the Board of Directors approved and the Company adopted a stock option plan ("Option Plan"). The Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to five years from the date of grant.

8. INCOME TAXES

Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.50% were as follows:

	Period ended December 31,	
	2021	
	\$	
Loss before income tax		(644)
Expected tax recovery based on statutory rate	26.50%	(171)
Tax benefits not recognized		171
Deferred income tax expense	-	-

Deferred income tax balances

Deferred tax assets have not been recognized in respect of non-capital losses carried forward in the amount of \$644 because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company has approximately \$644 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2041.

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to become a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk. The Board of Directors provides regular guidance for overall risk management.

Fair values

As at December 31, 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the completion of the IPO, the Company's search for a Qualifying Transaction, and limit exposure to credit and market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held at a Canadian financial institution. The Company believes its exposure to credit risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 9, in normal circumstances. Accounts payable and accrued liabilities have contractual maturities less than 3 months.

ST CHARLES RESOURCES INC.

Notes to the Financial Statements

For the period from incorporation (July 16, 2021) to December 31, 2021 (in Canadian dollars)

11. EVENTS AFTER THE REPORTING DATE

a) *Initial Public Offering*

The Company is in the process of filing its amended and restated prospectus dated April 1, 2022 in connection with the IPO and is proposing to issue a minimum of 5,000,000 common shares of the Company at \$0.10 per common share for gross proceeds of \$500,000 and up to a maximum of 20,000,000 common shares of the Company at \$0.10 per common share for gross proceeds of \$2,000,000.

b) *Agent's compensation*

Pursuant to the terms of an Agency Agreement with iA Private Wealth Inc. (the "Agent") to be entered on or prior to the IPO, the Agent will receive a cash commission of 10% of the aggregate gross proceeds from the sale of the common shares, a \$12,500 corporate work fee, and reimbursement of its expenses and legal fees incurred pursuant to the IPO (not to exceed \$20,000 plus applicable taxes and disbursements). The Company will grant to the Agent and its sub-agents, if any, at the closing of the IPO the "Agent's Options" to acquire common shares in number equal to 10% of the number of common shares sold under the IPO, at \$0.10 per share for a 60-month period following the date of listing of the common shares on the Exchange. Pursuant to CPC Policy 2.4, 50% of the Agent's Options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of the Qualifying Transaction. The remaining 50% may only be sold after completion of the Qualifying Transaction.

c) *Stock Options*

Concurrently with the completion of the Offering described above, the Company intends to enter into stock option agreements with officers and directors of the Company, entitling them to purchase up to that number of common shares equal to 10% of the number of common shares that will be outstanding upon completion of the Offering, at a price of \$0.10 per common share for a period of five years from the date of issuance.

ST CHARLES RESOURCES INC.
(a Capital Pool Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

(Amended and restated – see note below)

**For the three and nine months ended
September 30, 2022**

In Canadian dollars

UNAUDITED

Notice to Reader

The accompanying unaudited condensed interim financial statements of St Charles Resources Inc. (a Capital Pool Company) have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements of St Charles Resources Inc., for the three and nine months ended September 30, 2022 and 2021, have been revised to include the September 30, 2021 comparison information in the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows as required by section 4.3(2)(b) of National Instrument 51-102 Continuous Disclosure Obligations.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Financial Position

<i>(in Canadian dollars)</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited)
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	1,957,153	322,446
Sales taxes receivable	14,802	3,577
Deferred financing costs (Note 5)	-	65,315
	1,971,955	391,338
Non-current		
Property and equipment (Note 6)	3,337	-
TOTAL ASSETS	1,975,292	391,338
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	64,724	23,982
TOTAL LIABILITIES	64,724	23,982
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	1,918,671	368,000
Contributed surplus	322,116	-
Deficit	(330,219)	(644)
TOTAL SHAREHOLDERS' EQUITY	1,910,568	367,356
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,975,292	391,338

Nature of Operations and Going Concern (Note 1)

Proposed Qualifying Transaction and Share Trading Halt (Note 2)

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

On behalf of the Board,

/s/ James Crombie
James Crombie, Director

/s/ Mark Eaton
Mark Eaton, Director

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Net Loss and Comprehensive Loss

	Three months	Nine months	Period from
	ended	ended	incorporation
<i>(unaudited, in Canadian dollars)</i>	Sept 30, 2022	Sept 30, 2022	(July 16, 2021) to Sept 30, 2021
	\$	\$	\$
Expenses and other items			
Share-based compensation (Note 9)	-	186,087	-
Qualifying transaction costs	91,109	128,088	-
Professional fees	-	1,848	-
Travel	9,162	16,975	-
Office and general	6,718	11,334	387
Filing costs	275	1,237	-
Depreciation	303	303	-
Finance income	(11,724)	(16,297)	-
Net loss and comprehensive loss for the period	(95,843)	(329,575)	(387)
Basic and diluted loss per common share (Note 10)	(0.00)	(0.02)	(0.00)
Weighted average number of shares - basic and diluted (Note 10)	27,360,000	18,861,832	5,277,895

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

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Changes in Shareholders' Equity

<i>(unaudited, in Canadian dollars)</i>	Number of issued and outstanding common shares	Share capital \$	Contributed Surplus \$	Deficit \$	Total equity \$
Balance at December 31, 2021	7,360,000	368,000	-	(644)	367,356
Private placement, April 26, 2022 (Note 8)	20,000,000	2,000,000	-	-	2,000,000
Share issue expenses (Note 8)	-	(449,329)	136,029	-	(313,300)
Share-based compensation (Note 9)	-	-	186,087	-	186,087
Net loss for the period	-	-	-	(329,575)	(329,575)
Balance at September 30, 2022	27,360,000	1,918,671	322,116	(330,219)	1,910,568
Balance at July 16, 2021	-	-	-	-	-
Seed common shares issued for cash	7,360,000	368,000	-	-	368,000
Net loss for the period	-	-	-	(387)	(387)
Balance at September 30, 2021	7,360,000	368,000	-	(387)	367,613

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

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Cash Flows

	Nine months ended	Period from incorporation (July 16, 2021) to
<i>(unaudited, in Canadian dollars)</i>	September 30, 2022	September 30, 2021
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(329,575)	(387)
Adjustment		
Share-based compensation	186,087	-
Depreciation	303	-
Changes in other working capital items		
Sales taxes receivable	(11,225)	(2,416)
Prepaid expenses and deposits	-	(10,000)
Accounts payable and accrued liabilities	60,742	6,036
	(93,668)	(6,767)
INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 6)	(3,640)	-
	(3,640)	-
FINANCING ACTIVITIES		
Private placement (Note 8)	2,000,000	368,000
Deferred financing costs	-	(17,750)
Share issue expenses (Note 8)	(267,985)	-
	1,732,015	350,250
Net change in cash and cash equivalents	1,634,707	343,483
Cash, beginning of period	322,446	-
Cash and cash equivalents, end of period	1,957,153	343,483

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

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

St Charles Resources Inc. (the “Company” or “St Charles”) was incorporated on July 16, 2021 under the Ontario *Business Corporations Act*. The Company is carrying on business as a Capital Pool Company (“CPC”), as such term is defined in the TSX Venture Exchange (the “TSXV”) Policy 2.4 – Capital Pool Companies (“CPC Policy 2.4”). The Company’s principal purpose is the identification, evaluation and acquisition of businesses or assets with a view to completing a “Qualifying Transaction” as defined in and in accordance with the CPC Policy 2.4.

On April 26, 2022, the Company completed its Initial Public Offering (the “IPO”), and the Company’s common shares (the “Shares”) commenced trading on the TSXV under the symbol “SCRS.P”.

Going concern

These condensed interim financial statements were prepared on a going concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and will be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of \$329,575 for the nine months ending September 30, 2022. However, the Company believes that it has sufficient funds to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to obtain additional financing and complete a Qualifying Transaction. These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

2. PROPOSED QUALIFYING TRANSACTION AND SHARE TRADING HALT

On September 2, 2022, the Company entered into a letter of intent with Eastern Resources OOD (“Eastern Resources”) in respect of a proposed business combination transaction pursuant to which the Company would acquire all of the issued and outstanding securities of Eastern Resources (the “Proposed Transaction”). It is intended that the Proposed Transaction will constitute the Company's Qualifying Transaction.

Eastern Resources is a private gold exploration company incorporated under the laws of Bulgaria with its head office located in Sofia, Bulgaria. Eastern Resources controls 100% of two quality epithermal gold projects located in the Bulgarian portion of the Western Tethyan Belt: the Kutel Gold Project and the Kostilkovo Gold Project.

The letter of intent contemplates that the Company, Eastern Resources and the shareholders of Eastern Resources (if required pursuant to the terms of the Proposed Transaction) will enter into a definitive agreement on or before November 30, 2022 (the “Definitive Agreement”), pursuant to which the Company will acquire all of the issued and outstanding Eastern Resources shares in exchange for Shares in the capital of the Company. It is anticipated that the Proposed Transaction will be structured as a direct share exchange, three-cornered amalgamation, plan of arrangement or other structure based on the advice of the Parties' respective advisers and taking into account various securities, tax, operating and other considerations.

Pursuant to the Proposed Transaction, the Company intends on issuing Shares to holders of Eastern Resources shares on the basis of 952,380 Shares for each one (1) Eastern Resources share, for an aggregate of 33,333,300 Shares issued in exchange for 100% of the issued and outstanding Eastern Resources shares, being 35 Eastern Resources shares.

It is anticipated that the corporation resulting from the Proposed Transaction (the “Resulting Issuer”) will carry on the business of Eastern Resources. The business of the Resulting Issuer will be primarily focused on the exploration of the Kutel Gold Project, the Kostilkovo Gold Project, and the acquisition of additional properties in line with its focused exploration strategy.

Completion of the Proposed Transaction is conditional upon, among other standard conditions for a transaction of this nature including, among other things: (i) the negotiation, execution and delivery of the Definitive Agreement; (ii) completion of two NI 43-101 compliant technical reports in respect of the Kutel Gold Project and the Kostilkovo Gold Project that are acceptable to the TSXV and the Company; (iii) the delivery of audited, unaudited and pro forma financial statements; (iv) Eastern Resources delivering a title opinion for each of the Kutel Gold Project and the Kostilkovo Gold Project in a form and content reasonably satisfactory to the Company; (v) receipt of all required consents and approvals for the Proposed Transaction and the Definitive Agreement; (vi) completion of satisfactory due diligence by each party; and (vii) TSXV acceptance. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

In accordance with the letter of intent, the deadline for the completion of the Proposed Transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing. Either the Company or Eastern Resources may terminate the letter of intent if the Definitive Agreement is not entered into on or before November 30, 2022 or such other date as agreed to by the parties in writing.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

2. PROPOSED QUALIFYING TRANSACTION AND SHARE TRADING HALT (continued)

The Company has engaged iA Capital Markets, a division of iA Private Wealth Inc. (the “Sponsor”) to act as sponsor for the Proposed Transaction. Subject to completion of satisfactory due diligence, the Proposed Sponsor has agreed to act as sponsor in connection with the Proposed Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.

In connection with the Proposed Transaction and pursuant to the requirements of the TSXV, the Company intends to file a filing statement on its issuer profile on SEDAR (www.sedar.com), which will contain relevant details relating to the Proposed Transaction, the Company, Eastern Resources and the Resulting Issuer. Upon closing of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with Eastern Resources as the Company’s primary operating subsidiary.

Trading in the common shares of the Company was halted on September 2, 2022 pursuant to the policies of the TSXV. Trading will remain halted until, among other things, the Company completes certain regulatory filings in connection with the Proposed Transaction and the TSXV has completed certain matters it considers necessary or advisable.

3. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

Accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company’s audited financial statements for the period from incorporation (July 16, 2021) to December 31, 2021, which are included in the Company’s Prospectus dated April 7, 2022 available on SEDAR at www.sedar.com.

The Board of Directors approved these unaudited condensed interim financial statements on October 27, 2022.

Basis of measurement

These condensed interim financial statements were prepared on a historical cost basis and on an accrual basis except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

As at September 30, 2022, cash and cash equivalents of \$1,957,153 includes \$1,500,000 of guaranteed investment certificates bearing interest at a weighted-average rate of 3.70%, redeemable until October 25, 2022.

Restrictions on use of funds from the IPO

The gross proceeds raised from the IPO (Note 8) may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed “Qualifying Transaction” as such term is defined under the CPC Policy 2.4, with the exception that general and administrative expenses not to exceed \$3,000 per month may be incurred, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. DEFERRED FINANCING COSTS

Deferred financing costs relating to the IPO, totaling \$65,315 at December 31, 2021, were expensed to share issuance costs upon completion of the IPO on April 26, 2022.

6. PROPERTY AND EQUIPMENT

Assets subject to depreciation and amortization are as follows:

	\$
Net book value at December 31, 2021	-
Acquisition – office equipment	3,640
Depreciation	(303)
Net book value at September 30, 2022	3,337

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities of \$64,724 at September 30, 2022 (\$23,982 at December 31, 2021) consist mostly of accrued Qualifying Transaction costs (\$61,109).

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

8. SHARE CAPITAL

Authorized and issued

An unlimited number of Shares with no par value.

Issued and outstanding

As at September 30, 2022, the Company has 27,360,000 issued and outstanding Shares (7,360,000 as at December 31, 2021).

Initial public offering

On April 26, 2022, the Company completed its initial public offering of 20,000,000 Shares in the capital of the Company at \$0.10 per share for gross proceeds of \$2,000,000 (the “Offering”). Share issue expenses excluding the value of the compensation options described below totaled \$313,300. Such expenses included a cash commission of \$200,000, a corporate finance fee of \$12,500 paid to the Agent (as described below) and \$100,800 in legal, audit and regulatory expenses.

Compensation Options

Pursuant to completion of the Offering, iA Private Wealth (the “Agent”), who acted as Agent of the Offering, received a cash commission of \$200,000, a corporate finance fee of \$12,500 and options to purchase up to 2,000,000 shares of the Company. Each such compensation option entitles the holder to acquire one Share of the Company at an exercise price of \$0.10 per share, exercisable for a period of 60 months from the closing date of the Offering. The compensation options were valued at \$136,029 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 85% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free interest rate of 2.6% and a share price of \$0.10.

The following table sets out the activity in compensation options:

	Number of compensation options granted	Weighted average exercise price (C\$)
Balance as at December 31, 2021	-	-
Granted	2,000,000	0.10
Balance as at September 30, 2022	2,000,000	0.10

The weighted average remaining life of the compensation options outstanding at September 30, 2022 was 4.6 years.

Pursuant to the CPC Policy 2.4, where the Agent receives an option or the right to subscribe for a certain number of shares as consideration for acting as Agent, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 (unaudited – in Canadian dollars)

8. SHARE CAPITAL (continued)

Shares subject to escrow

All issued and outstanding seed shares (7,360,000 Shares issued in 2021) and CPC Options (as defined in Note 9) are held in escrow pursuant to the terms of Escrow Agreements dated February 11, 2022 (seed shares) and April 26, 2022 (CPC Options) between the Company, TSX Trust Company, and the holders of the seed shares and the CPC Options. In accordance with the CPC Policy 2.4, they will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter. All Shares acquired on exercise of CPC Options will have to be deposited and held in escrow pursuant to the requirements of the TSXV. In addition, any securities of the Company acquired from treasury by non-arm's length parties to the Company before the completion of a Qualifying Transaction will have to be deposited and held in escrow.

9. SHARE-BASED PAYMENTS

Stock Option Plan ("Option Plan")

On August 16, 2021, the Board of Directors approved and the Company adopted a stock option plan ("Option Plan"). The Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSXV requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding Shares of the Company, exercisable for a period of up to five years from the date of grant.

Grant of stock options

At the closing of the Offering, the Company granted stock options (the "CPC Options") to directors of the Company to acquire up to an aggregate of 2,736,000 Shares. Each CPC Option is exercisable to acquire one Share at a price of \$0.10 per share, exercisable for a period of 60 months from the listing date of the Shares. These options vested immediately upon grant and were valued at \$186,087 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 85% based on the average volatility of comparable companies, expected life of five years, expected dividend yield of 0%, risk free interest rate of 2.6% and a share price of \$0.10.

The following table sets out the activity in stock options:

	Number of stock options granted	Weighted average exercise price (C\$)
Balance as at December 31, 2021	-	-
Granted	2,736,000	0.10
Balance as at September 30, 2022	2,736,000	0.10

The weighted average remaining life of the stock options outstanding at September 30, 2022 was 4.6 years.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three and nine months ended September 30, 2022 *(unaudited – in Canadian dollars)*

10. NET LOSS PER SHARE

The net loss per common share was based on the loss attributable to common shareholders and the weighted average number of Shares outstanding. Diluted loss per share does not include the effect of 2,736,000 stock options as they are held in escrow until the completion of a Qualifying Transaction. The calculation also excludes the effect of the 2,000,000 compensation options as they are anti-dilutive.

Appendix B

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
ST CHARLES RESOURCES INC.
FOR THE PERIOD FROM INCORPORATION (JULY 16, 202) TO
DECEMBER 31, 2021 AND FOR THE THREE AND NINE-MONTH PERIOD ENDED SEPTEMBER 30,
2022**

ST CHARLES RESOURCES INC.
(a Capital Pool Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
– QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

*The following interim management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of St Charles Resources Inc. (“**St Charles**” or the “**Company**”) (a Capital Pool Company) for the three months ended September 30, 2022 provides material information about the Company's business activities during the interim period. This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three and nine months ended September 30, 2022 (the “**Interim Financial Statements**”), the Company's audited financial statements for the period from incorporation (July 16, 2021) to December 31, 2021 (the “**Annual Financial Statements**”) included in the Amended and Restated Prospectus dated April 7, 2022 (the “**Prospectus**”) available on SEDAR at www.sedar.com, and the section on Risk Factors included in the Prospectus.*

The effective date of this Interim MD&A is October 27, 2022.

All financial results presented in this Interim MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

St Charles was incorporated on July 16, 2021 under the Ontario Business Corporations Act. The Company is carrying on business as a Capital Pool Company (“**CPC**”), as such term is defined in TSX Venture Exchange (the “**TSXV**”) Policy 2.4 – Capital Pool Companies (“**CPC Policy 2.4**”). The Company's principal purpose is the identification, evaluation and acquisition of businesses or assets with a view to completing a Qualifying Transaction as defined in and in accordance with the CPC Policy 2.4.

The Company completed its Initial Public Offering (the “**IPO**”) on April 26, 2022, and the Company's common shares (the “**Shares**”) commenced trading on the TSXV under the symbol “**SCRS.P**” on the same day. The Company is a reporting issuer in Ontario, British Columbia, Alberta and Saskatchewan.

On September 2, 2022, the Company entered into a letter of intent in respect of a proposed business combination transaction as described in the *Proposed Qualifying Transaction and Share Trading Halt* section below.

As of the date of this Interim MD&A, the Company has 27,360,000 Shares issued and outstanding and a cash position of approximately \$1.9 million.

Proposed Qualifying Transaction and Share Trading Halt

On September 2, 2022, the Company entered into a letter of intent with Eastern Resources OOD (“**Eastern Resources**”) in respect of a proposed business combination transaction pursuant to which the Company would acquire

all of the issued and outstanding securities of Eastern Resources (the “**Proposed Transaction**”). It is intended that the Proposed Transaction will constitute the Company’s Qualifying Transaction.

Eastern Resources is a private gold exploration company incorporated under the laws of Bulgaria with its head office located in Sofia, Bulgaria. Bulgaria has been a member of the European Union since 2007. Eastern Resources has four shareholders: Seefin Capital OOD, as represented by Mr. Sean Hasson, Balkan Mineral & Discovery EOOD, as represented by Mr. Danko Jelelev, GEOPS-Bolkan Drilling Services EOOD, as represented by Mr. Vasil Andreev and Dundee Resources Ltd. a wholly owned subsidiary of Dundee Corporation, Ontario, Canada.

Eastern Resources controls 100% of two quality epithermal gold projects located in the Bulgarian portion of the Western Tethyan Belt: the Kutel Gold Project and the Kostilkovo Gold Project.

The Kutel Gold Project is located in the Eastern Rhodope, in the south-east of Bulgaria, approximately 150 km to the southeast of Sofia, the capital of Bulgaria, in the Municipalities of Chepelare, Smolyan Region and Laki, Plovdiv Region. The Kutel Gold Project consists of a 15km² low-sulfidation epithermal system with additional exploration potential on a 24.4km² Kutel exploration licence area. Eastern Resources has identified a large (15km²) quartz-adularia-illite paleogeothermal system which has been largely preserved from erosion and is supported by a strong and extensive gold-silver-arsenic-antimony surface geochemical soil response. Multiple hydrothermal explosion breccias (also known as phreatic breccias) have been identified through geological mapping and prospecting which contain clasts of gold mineralised quartz-adularia-illite vein material which have been transported from depth to a higher elevation.

The Kostilkovo Gold Project is located 270 kilometres south-east of the capital city of Bulgaria, Sofia, close to the border with Greece, in the Municipality of Ivailovgrad within the Haskovo Region. The town of Ivailovgrad is the regional centre, located 13 kilometres north-east of the Kostilkovo Gold Project. The Kostilkovo Gold Project consists of a 10km² low-sulfidation epithermal system with additional exploration potential on a 66.18km² Chukata exploration licence area. Through a detailed analysis of historical data as well as via an extensive mapping and prospecting program, Eastern Resources has established the presence of a large (10 km²) low-sulfidation epithermal system on the Project, with multiple upflow zones containing quartz-adularia-illite vein material identified. This project has not yet been fully explored and it is Eastern Resources’ opinion that additional potential for low-sulfidation epithermal systems exist on the project.

St Charles has contracted AMC Mining Consultants (Canada) Ltd. to complete a National Instrument 43-101 (“**NI 43-101**”) technical report in respect of each of the Kutel Gold Project and the Kostilkovo Gold Project. The above scientific and technical information was prepared by Mr. Sean Hasson, a member of the Australian Institute of Geoscientists (AIG) who is the Executive Director Exploration of Eastern Resources and a “qualified person” in accordance with NI 43-101.

The letter of intent contemplates that the Company, Eastern Resources and the shareholders of Eastern Resources (if required pursuant to the terms of the Proposed Transaction) will enter into a definitive agreement on or before November 30, 2022 (the “**Definitive Agreement**”), pursuant to which the Company will acquire all of the issued and outstanding Eastern Resources shares in exchange for Shares in the capital of the Company. It is anticipated that the

Proposed Transaction will be structured as a direct share exchange, three-cornered amalgamation, plan of arrangement or other structure based on the advice of the Parties' respective advisers and taking into account various securities, tax, operating and other considerations.

Pursuant to the Proposed Transaction, the Company intends on issuing Shares to holders of Eastern Resources shares on the basis of 952,380 Shares of the Company for each one (1) Eastern Resources share, for an aggregate of 33,333,300 Shares to be issued in exchange for 100% of the issued and outstanding Eastern Resources shares, being 35 Eastern Resources shares.

It is anticipated that the corporation resulting from the Proposed Transaction (the "**Resulting Issuer**") will carry on the business of Eastern Resources. The business of the Resulting Issuer will be primarily focused on the exploration of the Kutel Gold Project, the Kostilkovo Gold Project, and the acquisition of additional properties in line with its focused exploration strategy.

Completion of the Proposed Transaction is conditional upon, among other standard conditions for a transaction of this nature including, among other things: (i) the negotiation, execution and delivery of the Definitive Agreement; (ii) completion of two NI 43-101 technical reports in respect of the Kutel Gold Project and the Kostilkovo Gold Project that are acceptable to the TSXV and the Company; (iii) the delivery of audited, unaudited and pro forma financial statements; (iv) Eastern Resources delivering a title opinion for each of the Kutel Gold Project and the Kostilkovo Gold Project in a form and content reasonably satisfactory to the Company; (v) receipt of all required consents and approvals for the Proposed Transaction and the Definitive Agreement; (vi) completion of satisfactory due diligence by each party; and (vii) TSXV acceptance. There can be no assurance that all of the necessary regulatory and shareholder approvals will be obtained or that all conditions of closing will be met.

In accordance with the letter of intent, the deadline for the completion of the Proposed Transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing. Either the Company or Eastern Resources may terminate the letter of intent if the Definitive Agreement is not entered into on or before November 30, 2022 or such other date as agreed to by the parties in writing.

The Company has engaged iA Capital Markets, a division of iA Private Wealth Inc. (the "**Sponsor**") to act as sponsor for the Proposed Transaction. Subject to completion of satisfactory due diligence, the Sponsor has agreed to act as sponsor in connection with the Proposed Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.

In connection with the Proposed Transaction and pursuant to the requirements of the TSXV, the Company intends to file a filing statement on its issuer profile on SEDAR (www.sedar.com), which will contain relevant details relating to the Proposed Transaction, the Company, Eastern Resources and the Resulting Issuer. Upon closing of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with Eastern Resources as the Company's primary operating subsidiary.

Trading in the Shares of the Company was halted on September 2, 2022, pursuant to the policies of the TSXV. Trading will remain halted until, among other things, the Company completes certain regulatory filings in connection with the Proposed Transaction and the TSXV has completed certain matters it considers necessary or advisable.

Proposed Directors and Officers of the Resulting Issuer

Subject to TSXV approval, the proposed board of directors of the Resulting Issuer may be reconstituted to consist of six (6) directors, all of whom will be nominated by the parties mutually. Accordingly, all other existing directors and officers of the Company will resign at or prior to the closing of the Proposed Transaction. As disclosed in the Company's news release issued on September 8, 2022, it is expected that at closing of the Proposed Transaction, the following individuals are expected to be appointed as directors and/or officers of the Resulting Issuer:

Mr. James Crombie, Executive Chairman and Director

Mr. Sean Hasson, President, Chief Executive Officer and Director

Dr. Mihaela Maria Barnes, Independent Director

Mr. Colin Jones, Independent Director

Mr. Laurence (Laurie) Marsland, Independent Director

Mr. Jeff Pennock, Chief Financial Officer

A sixth director to be identified by Eastern Resources may be appointed to the Board on closing.

Insiders of the Resulting Issuer other than Directors and Officers

Mr. Danko Jeleu is a shareholder of Eastern Resources and is expected to hold over 10% of the issued and outstanding shares of the Resulting Issuer upon completion of the Proposed Transaction. Mr. Vasil Andreev is a shareholder of Eastern Resources and is expected to hold over 10% of the issued and outstanding shares of the Resulting Issuer upon completion of the Proposed Transaction.

Operating Activities

The Company incurred a net loss of \$95,843 (\$0.00 per share) during the three months ended September 30, 2022, which consisted mainly in qualifying transaction costs of \$91,109 (including \$46,609 relating to the preparation of NI 43-101 technical reports, \$30,000 as a work fee paid to the Sponsor, and \$14,500 in legal, audit and regulatory expenses), travel expenses of \$9,162 and general and administration expenses of \$6,718.

Liquidity and Capital Resources

As at September 30, 2022, the Company had a working capital of \$1,907,231 compared to a working capital of \$367,356 at December 31, 2021. The increase in the working capital during the nine months ended September 30, 2022 is attributable to the net proceeds of \$1,686,700 raised from the IPO and finance income of \$16,297 on liquidities held, partially offset by qualifying transaction costs of \$128,088, travel expenses of \$16,975, management and administration

expenses of \$11,334 and the acquisition of computer equipment of \$3,640. Working capital at September 30, 2022 included cash and cash equivalents of \$1,957,153.

On April 26, 2022, the Company completed its IPO issuing 20,000,000 Shares at \$0.10 per share for gross proceeds of \$2,000,000. Share issue expenses related to this offering amounted to \$313,300. The gross proceeds raised from the IPO may only be used to identify and evaluate assets or businesses with a view of completing a qualifying transaction, provided however that general and administrative expenses not to exceed \$3,000 per month may be incurred, including for professional accounting, advisory, and legal services expenses.

The Company funds its activities through equity financing. The current cash on hand is expected to be sufficient to meet the Company's obligations for at least twelve months from the end of the reporting period. The Company may not have sufficient funds to secure assets or businesses once identified and evaluated and additional capital may be required to complete a Qualifying Transaction.

Outstanding securities

As at October 27, 2022, the Company has 27,360,000 Shares issued and outstanding (consisting of 7,360,000 seed common shares (the "**Seed Shares**") issued in 2021 and 20,000,000 Shares issued as part of the IPO), 2,000,000 Shares reserved for issuance upon exercise at a price of \$0.10 of the options granted to the agent for the IPO (exercisable for a period of 60 months from the closing date of the IPO) and 2,736,000 Shares reserved for issuance upon the exercise at a price of \$0.10 of stock options (the "**CPC Options**") granted to directors of the Company on April 26, 2022 (exercisable for a period of 60 months until April 25, 2027).

Shares subject to escrow

All issued and outstanding Seed Shares and CPC Options are held in escrow pursuant to the terms of Escrow Agreements dated February 11, 2022 (Seed Shares) and April 26, 2022 (CPC Options) between the Company, TSX Trust Company, and the holders of the Seed Shares and CPC Options. In accordance with TSXV CPC Policy 2.4, they will be released as to 25% on the date of the final Qualifying Transaction TSXV bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter. All Shares acquired on exercise of CPC Options will have to be deposited and held in escrow pursuant to the requirements of the TSXV. In addition, any securities of the Company acquired from treasury by non-arm's length parties to the Company before the completion of a Qualifying Transaction will have to be deposited and held in escrow.

Risk Factors

An investment in the Company's Shares is highly speculative. The Company has no active business or assets other than cash. The Company does not have a history of operations. There is no assurance that it will generate revenue, operate profitably or provide a return on investment in the future. The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to complete the Proposed Transaction described above. Completion of the Qualifying Transaction is subject to a number

of conditions, including acceptance by the TSXV. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company. This may result in further dilution to investors, which dilution may be significant. Other risk factors associated with the Company are presented in the Company's Prospectus dated April 7, 2022 available on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes forward-looking statements and information concerning the completion of the Proposed Transaction and the timing thereof, the execution of the Definitive Agreement, the proposed business of the Resulting Issuer, references to the potential of the Kutel Gold Project and the Kostilkovo Gold Project, the completion of NI 43-101 technical reports, the proposed directors and officers of the Resulting Issuer, the completion of satisfactory due diligence by the Sponsor, TSXV sponsorship requirements, shareholder and regulatory approvals, expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

Additional Information and Continuous Disclosure

Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

Appendix C

**FINANCIAL STATEMENTS OF EASTERN RESOURCES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
AND FOR THE THREE AND NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2022**

EASTERN RESOURCES OOD

INDEPENDENT AUDITOR'S REPORT

ANNUAL ACTIVITY REPORT

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

31 DECEMBER 2021

Table of contents

	Pages
Independent auditor's report	i-iii
Annual activity report	1-3
Balance sheet	4
Statement of profit or loss and other comprehensive income	5
Statement of cash flows	6
Statement of changes in equity	7
Notes to the financial statements	8-23
Management's Discussion and Analysis	

Grant Thornton OOD

A 26, Cherni Vrah Blvd, 1421 Sofia
A 4, Paraskeva Nikolau Str., 9000 Varna
T (+3592) 987 28 79, (+35952) 69 55 44
F (+3592) 980 48 24, (+35952) 69 55 33
E office@bg.gt.com
W www.grantthornton.bg

INDEPENDENT AUDITOR'S REPORT

To the owners of
EASTERN RESOURCES OOD
Bulgaria, Sofia, 1124, №32, Avitsena Str.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EASTERN RESOURCES OOD (the Company), which comprise the balance sheet as at 31 December 2021 and 2020 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and 2020 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other 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 2.1 "Basis for preparation of the financial statements" to the financial statements, in which it is disclosed that Company's equity is negative due to accumulated losses of BGN 197 thousand as of 31 December 2021 and as of that date the Company's current liabilities exceeded its current assets by BGN 685 thousand. These conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without the support of the owners and other sources of funding. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Activity Report, prepared in accordance with Bulgarian Accountancy Act and Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of Management 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 Bulgarian legislation, 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.

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 ISAs and Bulgarian Independent Financial Audit Act 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 our audit in accordance with ISAs, 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.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding the annual activity report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the Annual Activity Report and Management's Discussion and Analysis is consistent with the financial statements for the same reporting period;
- (b) the Annual Activity Report is prepared in accordance with the applicable legal requirements; and
- (c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the Annual Activity Report.

Mariy Apostolov *(signed)*
Managing partner

Silvia Dinova *(signed)*
Registered auditor responsible for the audit

Grant Thornton OOD
Audit firm, registration № 032

12 December 2022
Bulgaria, Sofia, 26, Cherni Vrah Blvd.

EASTERN RESOURCES OOD

ANNUAL ACTIVITY REPORT 31 December 2021

ANNUAL ACTIVITY REPORT

Management presents its annual activity report for the year ending on 31 December 2021 and the annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021.

DESCRIPTION OF COMPANY'S ACTIVITY

Eastern Resources OOD (the Company) was registered with Bulgarian Trade register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act.

The main business activity of Eastern Resources OOD relates to exploration of metallic minerals, geological research in Bulgaria, research, exploration and development of mineral resources, foreign and domestic trade and any commercial activity not prohibited by law.

Currently the company performs exploration and drilling activities on the basis of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the basis of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act on the Chukata exploration licence area, located on the land of the Ivaylovgrad municipality and on the Kutel exploration licence area, located on the lands of Laki the Chepelare municipalities.

Management address of the Company is Sofia, Yavorov district, 32, Avitsena Str.

The company is represented by Danko Zhelev Zhelev.

As at 31 December 2021, the shareholders are Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD. The registered share capital is BGN 30, fully paid-in. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the owners' meeting of Eastern Resources OOD.

In April 2022 the Company's share capital was increased from BGN 30 to BGN 680,530 and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada.

As at 31 December 2021 the Company has no employees hired under labour contracts.

BUSINESS ACTIVITY REVIEW

In 2021 the Company generated income from written off liabilities to related parties of BGN 141 thousand and incurred expenses with total amount of BGN 72 thousand, which consisted mainly of finance costs, BGN 52 thousand. The financial result for 2021 was net profit of BGN 69 thousand.

The exploration activities continued in 2021 and the capitalised costs for exploration were BGN 34 thousand.

Share capital

As of 31 December 2021 the completely paid-in share capital amounts to BGN 30, divided into 30 shares with the nominal value of each share of BGN 1.

Dividends and distribution of the profit

In 2021 the Company did not distribute dividends.

FUTURE DEVELOPMENT OF THE ACTIVITY

The company plans in 2022 and in the coming years to continue the activities of geological exploration for metallic mineral resources.

SCIENTIFIC RESEARCH AND RESEARCH

The Company is not involved in scientific research and analyses.

EASTERN RESOURCES OOD

ANNUAL ACTIVITY REPORT 31 December 2021

PRESENCE OF BRANCHES

The Company does not have branch offices in Bulgaria and abroad.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

In order to finance its activities, the Company has entered into loan agreements with Seefin Capital OOD and Balkan Mineral and Discovery EOOD.

The notes to the annual financial statements as of 31 December 2021 detail the risks, which the management considers to be material, as well as the way they could affect the Company's operations.

MANAGEMENT RESPONSIBILITIES

Pursuant to the Bulgarian law the management should prepare the financial statements for each financial year, which should give a true and fair view of the financial position as at the end of the year and of its financial results. The financial statements of the Company have been prepared in compliance with the International Financial Reporting Standards (IFRS) as approved by the IASB (International Accounting Standards Board) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The management confirms that it has consistently applied an adequate accounting policy and that the preparation of the financial statements as at 31 December 2021 complies with the precautionary principle in the valuation of assets, liabilities, income and expense. Management also confirms that the applicable IFRS have been followed. Management is responsible for keeping of proper accounting records, safeguarding Company's assets, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements have been prepared in accordance with the going concern principle and taking into account the possible effects of the continuing impact of the Covid-19 pandemic and the war in Ukraine. The company reports an accumulated loss of BGN 197 thousand as of 31 December 2021. The current liabilities exceed the current assets by BGN 685 thousand as of 31.12.2021. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without the support of the owners and other sources of funding. Management believes that based on the forecasts for the future development of the Company, as well as due to the continued financial support from the owners of the Company, it will be able to continue its activities and repay its obligations without making significant changes in its activities. In April 2022 the share capital of the Company was increased from BGN 30 to BGN 680,530 and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada. Therefore, the financial statements of the Company have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future.

POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except for the following non-adjusting events:

War in Ukraine

In February 2022 Russia conducted a military operation and violated Ukraine's sovereign borders. As the activities of Eastern Resources OOD are still focused on exploration of mineral resources in areas in the Republic of Bulgaria, which are located at a considerable distance from the conflict, Russia's actions do not pose a threat to the main activities of the Company. The combination of Russia's invasion of Ukraine, as well as the resulting economic sanctions imposed by the United States, the European Union (EU) and other governments, have had a huge negative effect on markets around the world. At present, the Company is not able to determine the future business impacts of this conflict, directly or indirectly. As the situation is developing extremely fast, it is practically impossible to make a reliable measurable assessment of its potential effect. Management will continue to monitor the development of the situation and will take all possible steps to reduce the possible negative consequences.

EASTERN RESOURCES OOD

ANNUAL ACTIVITY REPORT

31 December 2021

Share capital increase

According to decision of the General Meeting of the Company dated 11 April 2022, the Company's Articles of Association was amended, and a new shareholder was accepted. The share capital of the Company was increased from BGN 30 to BGN 680,530, because new shares were issued, each worth BGN 136,100. Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada was accepted as a new shareholder in the Company. As per the Decision of the General Meeting of shareholders of Eastern Resources OOD, upon the increase of the capital the owners of the Company did not increase their shares in proportion to the owned ones and all newly issued 5 shares of the capital, BGN 136,100 each, with a total value of BGN 680,500, are owned by the shareholder Dundee Resources Limited.

After the increase of Company's capital the distribution of the shares between the shareholders is as follows: the legal entities - founders of the Company - Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD hold 10 shares, amounting to BGN 10 or a total of BGN 30, and Dundee Resources Limited holds 5 shares, amounting to BGN 136,100 or a total of BGN 680,500.

According to the amendment of the Company's Articles of Association dated 11 April 2022 the shareholders Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD have 10 votes in the General Meeting and 28.33% of the number of shares in the capital of the Company, as well as the right to dividends from profits and liquidation share. The new accepted shareholder Dundee Resources Limited has 5 votes in the General Meeting and 15% of the number of shares in the capital of the Company, as well as the right to dividends from profits and liquidation share.

Letter of intent by St Charles for acquisition of Company's shares by 28 February 2023

On 2 September 2022, the Company entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles"), a company incorporated under the laws of Ontario, Canada and listed on the TSX Venture Exchange (TSXV) and which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding shares of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange.

In accordance with the LOI, the deadline for the completion of the proposed transaction is 28 February 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated 8 September 2022 for further information (www.sedar.com).

Cooperation agreement and a transfer of exploration area agreement with Green View s.r.o.

On 22 October 2022 Eastern Resources entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which Eastern Resources has an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100.

Loan received from the new shareholder Dundee Resources Ltd.

On 10 November 2022 the Company signed a loan agreement with the new shareholder, Dundee Resources Ltd. for 100 thousand Canadian dollars. On 28 November 2022 it received BGN 136 thousand. The repayment period under the loan agreement is up to two months from the date of receiving a written request from the lender to repay the loan. The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.

Danko Zhelev Zhelev

Danko Zhelev Zhelev
Manager

Sofia

12 December 2022

EASTERN RESOURCES OOD**FINANCIAL STATEMENTS
31 December 2021****BALANCE SHEET**

Assets	Note	31.12.2021 BGN'000	31.12.2020 BGN'000
Non-current assets			
Exploration and evaluation assets	3	452	418
Machines and equipment	4	<u>2</u>	<u>3</u>
Total non-current assets		454	421
Current assets			
Trade and other receivables	5	-	56
Cash and cash equivalents	6	<u>65</u>	<u>18</u>
Total current assets		65	74
Total assets		<u>519</u>	<u>495</u>
Equity and liabilities			
Equity			
Accumulated loss		<u>(197)</u>	<u>(266)</u>
Total equity		(197)	(266)
Non-current liabilities			
Related party payables	13.2	24	270
Provisions for land restoration	7	<u>7</u>	<u>7</u>
Total non-current liabilities		31	277
Current liabilities			
Related party payables	13.2	679	483
Trade and other payables	9	<u>6</u>	<u>1</u>
Total current liabilities		685	484
Total liabilities		<u>716</u>	<u>761</u>
Total equity and liabilities		<u>519</u>	<u>495</u>

The financial statements on pages 4 to 23 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

EASTERN RESOURCES OOD**FINANCIAL STATEMENTS****31 December 2021****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	2021 BGN'000	2020 BGN'000
Other income	10	141	-
Hired services expenses	11	(19)	(6)
Depreciation charges	4	(1)	-
Operating profit / (loss)		121	(6)
Finance costs	12	(52)	(32)
Profit / (loss) before tax		69	(38)
Net profit (loss) for the year		69	(38)
Total comprehensive income /(loss) for the year		69	(38)
Earnings / (loss) per share	15	BGN 2,292	BGN (1,258)

The financial statements on pages 4 to 23 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

EASTERN RESOURCES OOD**FINANCIAL STATEMENTS****31 December 2021****STATEMENT OF CASH FLOWS**

	Note	2021 BGN'000	2020 BGN'000
<i>Cash flows from operating activities</i>			
Tax refunds		64	36
Cash paid to suppliers		(18)	(4)
Paid remunerations		-	(9)
Other cash outflows from operating activities		(1)	-
Net cash flows used in operating activities		45	23
<i>Cash flows from investing activities</i>			
Purchase of equipment and exploration and evaluation assets		(17)	(39)
Net cash flows used in investing activities		(17)	(39)
<i>Cash flows from financing activities</i>			
Related party loans received	13.2	19	-
Net cash flows used in financing activities		19	-
Net increase / (decrease) in cash and cash equivalents		47	(16)
Cash and cash equivalents at the beginning of the year		18	34
Cash and cash equivalents at the end of the year	6	65	18

The financial statements on pages 4 to 23 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

EASTERN RESOURCES OOD**FINANCIAL STATEMENTS****31 December 2021****STATEMENT OF CHANGES IN EQUITY**

All amounts are presented in BGN'000	Share capital	Accumulated loss	Total equity
Balance as of 1 January 2020	-	(228)	(228)
Loss for the year	-	(38)	(38)
Total comprehensive loss for the year	-	(38)	(38)
Balance at 31 December 2020	-	(266)	(266)
Balance as of 1 January 2021	-	(266)	(266)
Profit for the year	-	69	69
Total comprehensive income for the year	-	69	69
Balance at 31 December 2021	-	(197)	(197)

The financial statements on pages 4 to 23 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

Eastern Resources OOD (the Company) was registered with Bulgarian Trade register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act.

The main business activity of Eastern Resources OOD relates to exploration of metallic minerals, geological research in Bulgaria, research, exploration and development of mineral resources, foreign and domestic trade and any commercial activity not prohibited by law.

Currently the company performs exploration and drilling activities on the basis of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the basis of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act on the Chukata exploration licence area, located on the land of the Ivaylovgrad municipality and on the Kutel exploration licence area, located on the lands of Laki the Chepelare municipalities.

Management address of the Company is Sofia, Yavorov district, 32, Avitsena Str.

The company is represented by Danko Zhelev Zhelev.

As at 31 December 2021, the shareholders are Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD. The registered share capital is BGN 30, fully paid-in. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the owners' meeting of Eastern Resources OOD.

In April 2022 the Company's share capital was increased from BGN 30 to BGN 680,530 and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada.

As at 31 December 2021 the Company has no employees hired under labour contracts.

2. Significant accounting policies

2.1 Basis for the preparation of the financial statements

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000), including comparative information for 2020, unless otherwise stated.

Management is responsible for the preparation and fair presentation of the information in these financial statements.

Exploration activities in 2021

Due to the specifics of the activity from its establishment to the date of preparation of these financial statements, the Company has not realised revenue from its activities. The exploration activities on the two exploration licence areas continued in 2021 (see note 3).

As at the end of 2021, the activities performed by the Company are at the stage of exploration and drilling for potential mineral resources. The management of the Company believes that the conducted research may lead to the development and eventual exploitation of metallic mineral deposits.

Effect of the coronavirus pandemic (COVID-19) on Company's activities in 2021

The coronavirus (COVID-19) was confirmed by the World Health Organization in the beginning of 2020 and spread from China worldwide, resulting in business disruptions. It led to some delays in Company's planned exploration activities. Company's management will continue to monitor the development of the situation in Bulgaria and

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

worldwide along with the recent war in Ukraine and its negative effect on the global economy, financial markets and macroeconomic environment. Management is ready to undertake any actions to mitigate the possible negative effects.

Going concern principle

The financial statements have been prepared in accordance with the going concern principle and taking into account the possible effects of the continuing impact of the Covid-19 pandemic and the war in Ukraine. The company reports an accumulated loss of BGN 197 thousand as of 31 December 2021. The current liabilities exceed the current assets by BGN 685 thousand as of 31.12.2021. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without the support of the owners and other sources of funding. Management believes that based on the forecasts for the future development of the Company, as well as due to the continued financial support from the owners of the Company, it will be able to continue its activities and repay its obligations without making significant changes in its activities. In April 2022 the share capital of the Company was increased from BGN 30 to BGN 680,530 and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada. Therefore, the financial statements of the Company have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future.

2.2 Changes in accounting policies

New Standards adopted as at 1 January 2021

The Company has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

New standards and interpretations not yet adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective for the financial year beginning on 1 January 2021 and have not been applied early by the Company:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16, effective from 1 January 2022
- Reference to the Conceptual Framework – Amendments to IFRS 3, effective from 1 January 2022
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37, effective from 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020, effective from 1 January 2022
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective from 1 January 2023
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective from 1 January 2023
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, effective from 1 January 2023
- Definition of Accounting Estimates – Amendments to IAS 8, effective from 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12, effective from 1 January 2023

They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

2.3 Historical cost basis

The financial statements have been prepared on a historical cost basis. It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.4 Foreign currency transactions

Functional and presentation currency

The separate elements of the annual financial statements of the company are evaluated in the currency of the main economic environment in which the Company operates (functional currency). The annual financial statements are presented in Bulgarian levs, which is the functional currency and the presentation currency.

Reporting currency, transactions and balances

The transactions in foreign currency are presented in the functional currency whereby the official exchange rate of the Bulgarian National Bank as of the transaction date applies.

The exchange rate fluctuations arising out of the settlement or the reporting of those cash positions following exchange rates other than those they were registered initially are reported as gains or losses from foreign currency operations for the period they arise and are recognized in the statement of profit or loss and other comprehensive income. The foreign currency positions are revalued as per official exchange rate of the BNB as at 31 December 2021.

The closing exchange rates of Bulgarian lev to the main currencies used by the Company as at the end of the reporting periods included in the financial statements are as follows:

	<u>31.12.2021</u>	<u>31.12.2020</u>
1 EUR	1.95583	1.95583

2.5 Exploration and evaluation assets

The Company capitalises costs for exploration and evaluation assets when it determines that those assets may be successful in finding specific mineral resources. Costs are accumulated on a field-by-field basis. Costs directly associated with an exploration licence area are capitalised until the determination of reserves is evaluated. If it is determined that a commercial discovery has not been achieved, these costs are charged to expense.

Expenditure included in the initial measurement of exploration and evaluation assets relate to the acquisition of rights to explore, and also expenditure for topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities of that unit, the associated expenditures are written off to statement of profit or loss and other comprehensive income.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off after termination of the exploration contract with the relevant state authorities.

2.6 Machines and equipment

Recognition and evaluation

Machines and equipment are measured at their acquisition cost, based on their purchase price and the additional costs incurred in acquiring them less the amount of accrued amortization and any impairment loss. The subsequent costs leading to improvement of the asset condition over the originally assessed standard efficiency or to increase of the future economic benefits are capitalized in the cost of the asset. All other subsequent expenses are recognized on an ongoing basis in the period they are incurred. When machines and equipment incorporate components with different duration of their useful life, they are reported separately. Gains and losses on the sale of machines and equipment are determined by comparing proceeds on disposal with the carrying amount and are recognized on a net basis as other income in the statement of comprehensive income.

Depreciation

The depreciation of the machines and equipment is assessed by consistently applying the straight-line method. The lands are not subject to depreciation. The expected useful life by groups of assets is as follows:

	<u>2021</u>	<u>2020</u>
Machines and equipment	3 years	3 years

The useful life of the machines and equipment is reviewed at the end of each reporting period and, if significant deviations from the expected future useful life are identified, it is adjusted.

The change is considered as a change in the estimated useful life and has an effect on depreciation costs for both the current period and each period over the remaining useful life.

2.7 Inventory

Inventory consists of materials. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognised as an expense for the period of impairment. Net realisable value is the estimated selling price of the inventories less any applicable selling expenses.

2.8 Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate, in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

2.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.9.1 Financial assets

Classification and initial measurement of financial assets

As of 31 December 2021, the Company classifies its financial assets as debt instruments at amortised cost. The financial assets of the Company include:

- Trade and other receivables and
- Cash and cash equivalents (note 6).

Measurement at initial recognition

The Company recognizes initially the financial assets according to their fair value increased by the costs directly associated with the financial asset.

Subsequent measurement

Assets held for collecting contractual cash flows, where such cash flows are only payments of the principal and interest, are measured at their amortised cost. Interest income is reported as finance income by applying the effective interest rate method. Any profit or loss arising on derecognition is directly recognized in the profit or loss and is presented in other profit/(loss) together with the foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

Impairment

The Company applies IFRS 9's impairment requirements by using forward-looking information to recognise expected credit losses. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

Trade receivables and receivables from related parties are subject to individual credit risk assessment.

The Company considers the following indicators for assessing a significant increase in the credit risk of the loans:

- the receivables are overdue by more than 45 days;
- there are legal, technological or macroeconomic changes which materially and adversely affect the borrower;
- there is information available about significant adverse events affecting the client, for instance cancellation of the loan, breach of covenants, renegotiation due to financial difficulties etc.
- financial difficulties of the debtor

- the debtor has lost an important client or supplier or otherwise has experienced adverse market changes.

2.9.2 Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value and where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

2.10 Leases

For each new contract, the Company considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition for contracts when the company is a lessee, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

To determine the incremental borrowing rate, the Company where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

As at 31.12.2021 the Company is neither a lessee, nor a lessor under lease agreements.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

2.11 Income taxes

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

Current income 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 tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 recognised to the extent that it is probable that they 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 recognised as a component of tax income or expense in profit or loss.

2.12 Revenue from contracts with customers

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Due to the specific principal activity of the Company, it has not realized any revenue since the date of its establishment.

2.13 Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or as incurred.

2.14 Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method. Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Finance costs'.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present 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. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.16 Significant management judgement in applying accounting policies

The estimates and assumptions are based on the management's experience and other factors, including expected future events considered as probable under given circumstances. The reliability of the estimates and assumptions is reviewed on a regular basis.

The Company makes its estimates and assumptions for accounting and disclosure purposes that may differ from actual results. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Corporate tax

The Company is subject to the jurisdiction of the tax administration of the Republic of Bulgaria. Considerable judgment is needed to determine the tax provision, as tax legislation is constantly evolving and changing. The Company recognizes liabilities for expected tax liabilities based on management's judgment. When the final tax outcome is different from the initially reported amounts, these differences would have an impact on the short-term tax liabilities.

2.17 Estimation uncertainty

Impairment of exploration and evaluation assets

Impairment losses are recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Provisions

The Company recognises provisions for land restoration in accordance with its commitments to the Ministry of Energy. The amount recognised as provisions is estimated based on management's past experience and the future expectations.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

2.18 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets	Note	2021	2020
		BGN'000	BGN'000
Debt instruments measured at amortised cost			
Cash and cash equivalents	6	65	18
		65	18
Financial liabilities			
Financial liabilities measured at amortised cost			
Related party payables	12	703	753
Trade and other payables	8	6	-
		709	753

2.19 Financial risk management

In the course of its business activities, the Company is exposed to a number of financial risks: market risk (including currency risk), credit risk, liquidity risk and risk of change of future cash flows as a result of change of the market interest rates. The Company's program for comprehensive risk management is focused on the unpredictability of the financial markets and aims at reducing the eventual adverse effects on the Company's financial results.

Currency risk

The Company operates predominantly in euro. As the exchange rate of the BNB to the euro is fixed to BGN 1.95583 levs per EUR 1, the Company considers that it is not exposed to significant currency risk.

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, which consist of cash and cash equivalents as of 31 December 2021.

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Interest rate risk

The Company has received loans from related parties, which bear fixed interest rates (see note 13); therefore, it is not exposed to interest rate risk.

Liquidity risk

The table below analyses the financial liabilities of the Company in the relevant maturity groupings based on the remaining period from the balance sheet date to the maturity date of the contract. The amounts disclosed in the table are contractual undiscounted cash flows:

31 December 2021	Current		Non-current
	Within 6 months	6 to 12 months	1 to 2 years
	BGN'000	BGN'000	BGN'000
Related party liabilities:			
- loans	179	-	-
- trade liabilities	238	262	24
Trade liabilities	6	-	-
Total financial liabilities	423	262	24

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

2.20 Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt comprises of total liabilities less the carrying amount of cash and cash equivalents.

The amount of the correlation for the presented accounting periods is summarized as follows:

	31.12.2021 BGN '000	31.12.2020 BGN '000
Total liabilities	716	761
Reduced by: cash and cash equivalents	(65)	(18)
Net debt	651	743
Total equity	(197)	(266)
Total capital (net debt + equity)	454	477
Debt ratio	1.43	1.56

3. Exploration and evaluation assets

	Exploration and evaluation assets
	BGN'000
Book value	
As at 1 January 2020	164
Exploration costs eligible for capitalisation	254
As at 31 December 2020	418
Exploration costs eligible for capitalisation	34
As at 31 December 2021	452

	Exploration and evaluation assets
	31.12.2021 BGN'000
Capitalised exploration costs for the Chukata exploration licence, located in Ivaylovgrad municipality, Bulgaria based on a contract with Ministry of Energy in force until April 2024	443
Capitalised exploration costs for the Kutel exploration licence located in Laki and Chepelare municipalities, based on a contract with Ministry of Energy in force until October 2023	9
As at 31 December 2021	452

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS
31 December 2021

4. Machines and equipment

	<u>Equipment</u>
	<u>BGN'000</u>
<i>Book value</i>	
As at 1 January 2020	-
Additions	<u>3</u>
As at 31 December 2020	<u>3</u>
As at 1 January 2021	<u>3</u>
As at 31 December 2021	<u>3</u>
<i>Depreciation</i>	
As at 1 January 2020	-
Depreciation charge	<u>-</u>
As at 31 December 2020	<u>-</u>
As at 1 January 2021	-
Depreciation charge	<u>1</u>
As at 31 December 2021	<u>1</u>
<i>Book value</i>	
As at 31 December 2020	<u>3</u>
As at 31 December 2021	<u>2</u>

5. Trade and other receivables

	<u>31.12.2021</u>	<u>31.12.2020</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Refundable Value Added Tax	-	56
Trade and other receivables	<u>-</u>	<u>56</u>

6. Cash and cash equivalents

	<u>31.12.2021</u>	<u>31.12.2020</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Cash in bank, including:		
- current bank accounts	38	8
- blocked cash	<u>26</u>	<u>9</u>
	64	17
Cash in hand	<u>1</u>	<u>1</u>
Cash and cash equivalents	<u>65</u>	<u>18</u>

As of 31 December 2021, the blocked cash in bank accounts is BGN 26 thousand due to bank guarantees issued in favour of Ministry of Energy (see note 13).

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

7. Provisions for land restoration

According to the contracts for prospecting and exploration of metallic minerals, concluded with the Ministry of Energy, the Company has commitments for future environmental rehabilitation and restoration costs, amounting to BGN 7 thousand as of 31 December 2021, of which BGN 3,941.72 refer to Chukata exploration area and BGN 3,807.45 refer to Kutel.

8. Registered share capital

Eastern Resources OOD was registered with the Trade Register to the Registry Agency on 22 October 2014, in accordance with the requirements of the Commercial Law in force in the Republic of Bulgaria.

The Company was established by three legal entities - Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD, each of which owns 10 shares equal to BGN 10, or a total of BGN 30.

The share capital of the Company amounted to BGN 30, divided into 30 shares with a nominal value of BGN 1 for each share as of 31 December 2021. The share capital was increased in April 2022 (see note 16).

9. Trade and other payables

	<u>31.12.2021</u>	<u>31.12.2020</u>
	BGN'000	BGN'000
Trade payables to suppliers	6	-
Tax liabilities and social security contributions	-	1
Trade and other payables	<u>6</u>	<u>1</u>

10. Other income

	<u>31.12.2021</u>	<u>31.12.2020</u>
	BGN'000	BGN'000
Income from written - off trade liabilities	141	-
Other income	<u>141</u>	<u>-</u>

In 2021 the Company recognised income from written - off trade liabilities to related parties for the amount of BGN 141 thousand (see note 13.3).

11. Hired services expenses

	<u>2021</u>	<u>2020</u>
	BGN'000	BGN'000
Consulting and accounting services	(19)	(4)
Other expenses	-	(2)
Total	<u>(19)</u>	<u>(6)</u>

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

12. Finance costs

	<u>2021</u>	<u>2020</u>
	BGN'000	BGN'000
Interest expenses - discounted liabilities to suppliers	(38)	(21)
Interest expenses on loans received	(13)	(11)
Bank fees and other financial expenses	(1)	-
Total	(52)	(32)

13. Related party transactions and balances

13.1 Identification of related parties

For the purpose of these financial statements the Company discloses as related parties the key management personnel, the companies-owners, their subsidiaries and associates, their representatives, as well the members of their families, including the companies controlled by all aforesaid persons, which are also considered related parties.

Related party	Type of relationship
Balkan Mineral and Discovery EOOD	shareholder
Geops-Bolkan Drilling Services EOOD	shareholder
Seefin Capital OOD	shareholder
Sean Maxwell Hasson	manager and shareholder of Seefin Capital OOD
Sania Ilieva Hasson	shareholder of Seefin Capital OOD
Danko Zhelev Zhelev	key management personnel of Eastern Resources OOD

13.2 Related party balances

	<u>2021</u>	<u>2020</u>
	BGN'000	BGN'000
Non-current related party payables		
Trade liabilities to the shareholder Geops-Bolkan Drilling Services EOOD	24	270
	24	270
Current related party payables		
Trade liabilities to the shareholder Geops-Bolkan Drilling Services EOOD	500	195
Trade liabilities to the shareholder Seefin Capital OOD	-	62
Trade liabilities to the manager of one of the shareholders, Sean Maxwell Hasson	-	79
Loan payables to the shareholder Seefin Capital OOD	163	132
- principal	121	102
- interest	42	30
Loan payables to the shareholder Balkan Mineral and Discovery EOOD	16	15
- principal	10	10
- interest	6	5
	679	483
Related party payables	703	753

Terms and conditions of the trade liabilities to related parties

Trade liabilities to related parties are related to drilling services provided by the shareholder Geops-Bolkan Drilling Services EOOD. They should be paid within 2 years from the date of issuance of the invoice. The liabilities are discounted at 10% and are stated at present value as of 31 December 2021.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

Terms and conditions of the loan payables to shareholders

	31.12.2020		Changes in 2021		31.12.2021
	Principal liabilities BGN'000	Interest liabilities BGN'000	Loans received BGN'000	Accrued interest BGN'000	Related party loan payables BGN'000
Related party					
Seefin Capital OOD	102	30	19	12	163
Balkan Mineral and Discovery EOOD	10	5	-	1	16
	112	35	19	13	179

In 2014, 2016, 2017, 2019 and 2021 the Company signed loan agreements with the shareholder Seefin Capital OOD for the total amount of the principal BGN 121 thousand as of 31 December 2021. The repayment period under the concluded agreements is up to 2 months from the date on which the lender requests repayment. According to the loan agreement from 2014, annual interest is 4.5%. All other loan agreements require annual interest of 10%. No collateral has been provided by Eastern Resources OOD.

In 2016 the Company entered into a loan agreement with the shareholder Balkan Mineral and Discovery EOOD. The amount of the principal is BGN 10 thousand. The repayment period is up to 2 months from the date on which the lender requests repayment. The annual interest rate is negotiated at 10%. No collateral has been provided by Eastern Resources OOD.

13.3 Related party transactions

The purchases from related parties in 2021 and the comparative period were:

Related party	Type of activity	2021	2020
		BGN'000	BGN'000
Geops-Bolkan Drilling Services EOOD	Drilling services and transport services for drilling samples - net present value	(23)	(213)
Geops-Bolkan Drilling Services EOOD	Interest	(1)	(21)
		(24)	(234)

In 2021 the written-off trade liabilities to related parties due to expired deadlines are as follows:

	2021
	BGN'000
Sean Maxwell Hasson	79
Seefin Capital OOD	62
Written-off trade liabilities	141

14. Contingent liabilities and commitments

Bank guarantees

Pursuant to the requirements of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the grounds of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act in the Chukata and Kutel exploration licence areas, the Company has concluded contracts for bank guarantees with First Investment Bank AD.

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

The bank guarantees are as follows:

- 2 bank guarantees issued in favour of the Ministry of Energy in the total amount of BGN 9 thousand with expiration dates 23 May 2022.
- 2 bank guarantees issued in favour of the Ministry of Energy in the total amount of BGN 17 thousand with expiration dates 21 January 2023.

Litigations

No claims were brought against the Company.

Others

The latest tax inspections of Company carried out by the tax administration are as follows:

- VAT – up to 30 September 2022;
- Corporate income tax – no inspections since establishment;
- Social security and tax on individuals – no inspections since establishment.

The Company's management does not believe that there are significant risks as a result of the dynamic fiscal and regulatory environment in Bulgaria, which would require adjustments to the financial statements for the year ended 31 December 2021.

15. Earnings/(loss) per share

Basic earnings/ (loss) per share have been calculated using the profit/ (loss) attributed to shareholders of the Company as the numerator.

The weighted average number of outstanding shares used for basic earnings / (loss) per share as well as profit / (loss) attributable to shareholders are as follows:

	2021	2020
Profit/(loss) attributable to the shareholders (BGN)	68,747	(37,740)
Weighted average number of outstanding shares	30	30
Basic earnings/ (loss) per share (BGN per share)	2,292	(1,258)

16. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except for the following non-adjusting events:

War in Ukraine

In February 2022 Russia conducted a military operation and violated Ukraine's sovereign borders. As the activities of Eastern Resources OOD are still focused on exploration of mineral resources in areas in the Republic of Bulgaria, which are located at a considerable distance from the conflict, Russia's actions do not pose a threat to the main activities of the Company. The combination of Russia's invasion of Ukraine, as well as the resulting economic sanctions imposed by the United States, the European Union (EU) and other governments, have had a huge negative effect on markets around the world. At present, the Company is not able to determine the future business impacts of this conflict, directly or indirectly. As the situation is developing extremely fast, it is practically impossible to make a reliable measurable assessment of its potential effect. Management will continue to monitor the development of the situation and will take all possible steps to reduce the possible negative consequences.

Share capital increase

According to decision of the General Meeting of the Company dated 11 April 2022, the Company's Articles of Association was amended, and a new shareholder was accepted. The share capital of the Company was increased

EASTERN RESOURCES OOD

FINANCIAL STATEMENTS

31 December 2021

from BGN 30 to BGN 680,530, because new shares were issued, each worth BGN 136,100. Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada was accepted as a new shareholder in the Company. As per the Decision of the General Meeting of shareholders of Eastern Resources OOD, upon the increase of the capital the owners of the Company did not increase their shares in proportion to the owned ones and all newly issued 5 shares of the capital, BGN 136,100 each, with a total value of BGN 680,500, are owned by the shareholder Dundee Resources Limited.

After the increase of Company's capital the distribution of the shares between the shareholders is as follows: the legal entities - founders of the Company - Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD hold 10 shares, amounting to BGN 10 or a total of BGN 30, and Dundee Resources Limited holds 5 shares, amounting to BGN 136,100 or a total of BGN 680,500.

According to the amendment of the Company's Articles of Association dated 11 April 2022 the shareholders Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD have 10 votes in the General Meeting and 28.33% of the number of shares in the capital of the Company, as well as the right to dividends from profits and liquidation share. The new accepted shareholder Dundee Resources Limited has 5 votes in the General Meeting and 15% of the number of shares in the capital of the Company, as well as the right to dividends from profits and liquidation share.

Letter of intent by St Charles for acquisition of Company's shares by 28 February 2023

On 2 September 2022, the Company entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles"), a company incorporated under the laws of Ontario, Canada and listed on the TSX Venture Exchange (TSXV) and which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding shares of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange.

In accordance with the LOI, the deadline for the completion of the proposed transaction is 28 February 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated 8 September 2022 for further information (www.sedar.com).

Repayment terms of related party liabilities

On 30 September 2022 the repayment date of the related party liabilities of Eastern Resources OOD consisting of trade payables and loans was extended to 31 March 2024.

Cooperation agreement and a transfer of exploration area agreement with Green View s.r.o.

On 22 October 2022 Eastern Resources entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which Eastern Resources has an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100.

Loan received from the new shareholder Dundee Resources Ltd.

On 10 November 2022 the Company signed a loan agreement with the new shareholder, Dundee Resources Ltd. for 100 thousand Canadian dollars. On 28 November 2022 it received BGN 136 thousand. The repayment period under the loan agreement is up to two months from the date of receiving a written request from the lender to repay the loan. The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022
AND THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Bulgarian Lev)

INTRODUCTION

This Management Discussion and Analysis (the “MD&A”) provides relevant information on the operations and financial condition of Eastern Resources OOD (the “Company” or “Eastern”) as at and for the nine months ending September 30, 2022 and 2021, and the years ending December 31 2021 and 2020 and is dated as of December 12, 2022.

The Company is in the business of mineral exploration, currently focused in Bulgaria, Eastern Europe. Activities include the evaluation, acquisition and exploration of mineral properties in the search of economic mineral deposits. The realisation of amounts shown for exploration and evaluation assets is dependent on the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All amounts in this MD&A are expressed in Bulgarian Lev (BGN), unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards (IFRS) as approved by the IASB (International Accounting Standards Board) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The reviewed interim financial statements for the nine-month period ending on 30 September 2022 and the annual audited financial statements for the year ending on 31 December 2021 (with comparative figures for 2020) of Eastern Resources OOD were prepared in Bulgarian Lev (BGN), which is the Functional Currency for the Company.

The information provided in this MD&A and the interim and annual financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes that such estimates have been based on careful judgements and have been properly reflected in the interim and audited statements.

The MD&A should be read in conjunction with the Company’s interim financial statements and notes thereto for the three and nine months ended September 30, 2022 and 2021, as well as the Company’s audited financial statements and notes thereto for the years ended December 31, 2021 and 2020.

The Company was registered with Bulgarian Trade Register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act. Its principal office is located at Tsar Osvoboditel 29, floor 6, Sofia, 1000, Bulgaria. Its registered address is located at Avitsena 32, Sofia, 1124, Bulgaria.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995 concerning the business, operations and financial performance and condition of the Company. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding future capital expenditures and financings (including the amount and nature thereof), anticipated content, commencement, and cost of exploration programs in respect of the Company's projects and mineral properties, anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits, resources and/or reserves on the Company's projects and mineral properties, the outcome of legal proceedings and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Often, but not always, forward looking statements can be identified by words such as “pro forma”, “plans”, “expects”, “may”, “should”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “potential” or variations of such words including negative and grammatical variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others:

- The Company’s strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets.
- The ability of the Company to obtain sufficient financing to fund its business activities and plans on an ongoing basis.
- Operating and technical difficulties in connection with mineral exploration or development or mine development activities for the Company’s projects generally, including the geological mapping, prospecting, drilling and sampling programs for the Company’s projects.
- Actual results of exploration activities, including exploration results, the estimation or realization of mineral resources and mineral reserves, the timing and amount of estimated future production, costs of production, capital expenditures, and the costs and timing of the development of new deposits.
- Possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry.
- Delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities.
- Changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of future litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions.
- Requirements for additional capital, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities.
- The ability of the Company to successfully respond to any legal challenges to permits or licenses necessary for its mineral exploration or development activities, and the results and impact of any such legal challenges on the Company’s exploration timeline and business activities.
- The ability of the Company to continue to operate during the COVID-19 pandemic and that the Company’s responses to the COVID-19 pandemic will be effective in continuing operations in the ordinary course.
- Global geopolitical uncertainty caused by the war in Ukraine.
- Negative economic outlook and increased commodity prices caused by global supply chain issues and labour disruptions.
- Those factors discussed under the headings “Risk and Uncertainties” and “Financial Instruments and Risk Management” in this MD&A.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking statements in this MD&A or incorporated by reference herein, except as otherwise required by law.

DESCRIPTION OF BUSINESS

Eastern Resources was incorporated in 2014 and is a private gold exploration and development company focused on two mineral properties located in Bulgaria. The founding partners of the Company have a cumulative seventy years of operating experience within Bulgaria and the surrounding region. Management has been directly involved in the discovery and definition of 7.2Mozs gold and 1.4Mt copper (as per National Instrument 43-101) within the region over the previous twenty years, including Bulgaria's first new gold mine in forty years.

The Company is currently focused on exploration assets in Bulgaria. The country is a member of the European Union (2007) and a NATO member (2004). The local currency, the lev (BGN) has been pegged, initially to the deutschemark and subsequently the euro since the introduction of the Currency Board in July 1997. In July 2020, Bulgaria was admitted as a member to the Exchange Rate Mechanism II and currently intends to adopt the Euro as its official currency from January 1, 2024.

Bulgaria has a stable and clearly defined Mining Law ('Law on Underground Resources') which was introduced in 1999 and further amended in 2011 and 2020. Mineral royalties are determined via a sliding scale based on profitability and range between 0.8% to 4% of the gross metal value. There are no back-in right, payments or other agreements and encumbrances on the exploration properties that the Company holds.

Within Bulgaria, there are currently no restrictions on foreign ownership of property by firms and the corporate tax rate is a flat 10%.

On September 2, 2022, Eastern entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles") which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding securities of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the "TSXV").

In accordance with the LOI, the deadline for the Completion of the Proposed Transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated September 8, 2022, for further information (www.sedar.com).

EXPLORATION PROJECTS

The Company is focused on gold exploration and development. The Company's material projects are located within the Eastern Rhodope in southeastern Bulgaria. The following discussion on the Company's material properties has been sourced from the following reports:

- Technical Report Kutel Gold Project NI 43-101, Eastern Rhodope, Bulgaria; By MJ Burnett, CGeol, EurGeol; Effective Date: September 22, 2022.
- Technical Report Kostilkovo Gold Project NI 43-101, Eastern Rhodope, Bulgaria; By MJ Burnett, CGeol, EurGeol & PG Greenhill, FAusIMM; Effective Date: September 8, 2022.

These Technical Reports (Reports) have been prepared by AMC Mining Consultants (Canada) Ltd. (AMC) of Vancouver, Canada on behalf of St Charles Resources Inc. (St Charles) of Toronto, Ontario. They have been prepared in accordance with the disclosure requirements of National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101), to disclose relevant information about the Properties. The Technical Reports were filed with the TSXV in connection with the proposed Qualifying Transaction of St Charles.

The reports can be found at www.sedar.com under the company profile: St Charles Resources Inc.

Kutel Gold Project

Introduction

Eastern has been engaged in exploration on the property for economically viable gold deposits located within a known, large (15 square kilometres (km²)) low sulfidation epithermal system.

Property description and ownership

The property is located in the south-east of Bulgaria, in the Rhodope mountain range, approximately 150 kilometres (km) to the south-east of Sofia, the capital of Bulgaria. The property can be accessed from the village of Pavelsko, Smolyan District, of south-central Bulgaria, by paved and / or gravel roads. Access on the property is via a series of untarred forest access roads.

Eastern applied to the Ministry of Energy for the exploration licence in 2016 with final approval being granted in late 2018 via Decision № 491. The agreement between Eastern and the Ministry of Energy came into force on October 8, 2020. The exploration license covers an area of 24.4 km² and allows for prospecting and exploration of metallic minerals in the Kutel area, Chepelare municipality (Smolyan region) and the Laki municipality (Plovdiv region) of Bulgaria.

The initial agreement is valid for a period of three years from December 21, 2020 and may be extended for two two-year periods after that.

Qualified Person (QP), Mark Burnett conducted a two-day site visit of the property in May 2022.

Geology and mineralisation

The property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are hosted in sedimentary rocks, spatially associated with detachment faulting and half graben formation. These Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

The only in situ evidence of a paleogeothermal system on the property is represented by hydrothermal explosion breccias (HEBs), which are also known as phreatic breccias, which contain quartz-adularia-illite vein clasts. Siliceous sinters and / or steam heated alteration have not yet been identified, on the Property.

Exploration status

The property was explored by the Bulgarian state, under the auspices of the Committee for Geology, during the late 1970s to the late 1980s; with airborne geophysical data having been acquired in the late 1980s. From 1994 - 1996, rock chip sampling by the Bulgarian State indicated the presence of a low-grade gold anomaly, in the north of the Property, which is likely to have been derived from areas of stratigraphic replacement. In addition, eight hand-dug trenches and two diamond drillholes were completed. The location of the trenches and the collar locations of the drillholes are uncertain, however are known to be located within the northern portion of the Property (Stofuritsa-Kalki area).

Dundee Precious Metals Inc. (DPM) acquired the Property in 2008. DPM undertook a major exploration program on the Property, including geological mapping and rock chip sampling (multiple campaigns), two

phases of soil geochemical sampling (200 m x 50 m) and a property-wide trenching campaign across the Property.

A diamond core drilling program consisting of 987.9 metres was completed by DPM during 2012 on the northern portion of the Property. The DPM drilling was believed to be targeting a geophysical anomaly at depth beneath the Kalki area. The Property was relinquished by DPM in 2015 and was acquired by Eastern in 2020.

Eastern has undertaken geological mapping and selective rock chip sampling on the Property and intends to undertake a limited diamond drilling program in 2023. Rock chip results include two samples with gold grades above 0.1 grams per tonne (g/t) Au, with a maximum value of 0.2 g/t Au, while three silver grades exceed 10 g/t Ag, with a maximum value of 26 g/t Ag.

No Mineral Resources estimates have been completed.

Conclusions and recommendations

Through a detailed analysis of historical data as well as a follow up mapping and prospecting programs, Eastern has established an exploration model in which hydrothermal fluids rise along structural pathways until confined by an impermeable horizon where a build-up in fluid pressure leads to the generation of hydrothermal explosion breccias which fracture through the horizon, transporting quartz-adularia-illite vein clasts to higher elevations.

The recognized relationship between the HEBs and gold mineralization underpins a geological basis for further exploration through targeted drilling. It is recommended that drilling be undertaken on the Property to test below the identified HEBs.

The QP makes the following exploration recommendations for the next year of exploration on the Kutel Property:

- To initially drill test beneath each of the three HEBs (Kumina, Kutel, and Yavor) with one 500 m length diamond drillhole for each target for a total of 1,500 m.

The cost of the exploration program is estimated to be BGN 490,000.

Kostilkovo Gold Project

Introduction

Eastern has been engaged in exploration on the Property for economically viable gold deposits within a low sulfidation epithermal system, hosted, primarily, in sedimentary rocks of the Krumovgrad Group.

Property description and ownership

The project is located 270 kilometres (km) south-east of the capital city of Bulgaria, Sofia, close to the border with Greece, in the Municipality of Ivailovgrad within Haskovo Region. The town of Ivailovgrad is the regional centre, located 13 km north-east of the Kostilkovo Gold Project.

Eastern applied for the Chukata exploration license in November 2014, with final approval being granted on April 23, 2019, as per Decision No. 480/27.04.2018. The Property covers an area of 66.18 square kilometres (km²), with the Project being located in the southwestern area of the Property, covering an area of approximately 15 km². The Property is 100% owned by Eastern, and the initial exploration license agreement was valid until 2022. An extension agreement, valid from 27 April 2022, allows Eastern to explore the property for an additional 2-year period.

Qualified Person (QP), Mark Burnett conducted a two-day site visit of the property in May 2022.

Geology and mineralisation

The property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence, and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are located in sedimentary rocks, spatially associated with detachment faulting and half graben formation, and these Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

In situ evidence of a paleogeothermal system on the property has been identified through the presence of abundant quartz-adularia-illite vein float material occurring within mapped upflow zones and associated with minor amounts of gold mineralization.

Exploration status

Exploration on the property has focused on the Project area, which had been demonstrated from the work of previous operators to be prospective, and specifically within six principal prospect areas. Activities by Eastern have included the following:

- Compilation and assessment of historical exploration data.
- Handheld radiometric surveys.
- Limited 1:25,000 mapping and prospecting of the Property, and 1:5,000 scale geological mapping of the Project area.
- Geological prospecting, including gold panning and rock / float sampling.
- Excavation and sampling of 24 trenches, for a total length of 1,161 metres (m), and 42 assays.
- Drilling of 19 diamond drillholes for a total of 2,331 m and 126 assays.

Assaying has been conducted through the SGS Bor laboratory in Serbia, primarily focused on gold by fire assay, supported by Inductively Coupled Plasma Mass Spectrometry (ICP -MS) assaying of suites of additional elements. Sample preparation and assaying have been accompanied by quality assurance and quality control (QA/QC) procedures, using certified reference standards, field duplicates and an umpire laboratory. The QP has reviewed the sampling and QA/QC procedures and considers them to be of good industry standard.

Eastern has conducted a first pass investigation of the leaching behaviour of selected quartz-chalcedony float material spatially across one prospect area. All samples were ground to P₈₀ 75 microns (µm) then subjected to a 500 gram (g), agitated CN bottle roll with pH 10 and excess NaCN. Solution samples were assayed for Au and Ag after 2, 6, 12, 24, and 48 hours.

The initial program was designed to ensure maximum recoveries of Au and Ag. Gold recoveries were >92% after 24 hours and Ag recoveries were >93% for five of the seven samples tested. The high gold recoveries support an initial assessment that the samples tested are not refractory or include only minor quantities of refractory material.

Conclusions and recommendations

Through a detailed analysis of historical data as well as via an extensive mapping and prospecting program, Eastern has established the presence of a large (10 km²) low-sulfidation epithermal system on the Project, with multiple upflow zones containing quartz-adularia-illite vein material identified. The Property has not

yet been fully explored and it is Eastern's opinion that additional potential for low-sulfidation epithermal systems exist on the Property.

Initial metallurgical test work has demonstrated the presence of gold bearing material that has free-milling characteristics.

It is recommended that drilling be undertaken on the Project to identify the location, thickness, and presence of vein systems in the Project area.

The QP makes the following exploration recommendations for the next year of exploration on the Kostilkovo Gold Project which is located on the Chukata Property:

- To initially drill test beneath the mapped upflow zones located within the Izvorite and Runkite prospect areas with approximately 8 diamond drillholes for a total of 1,500 m.

The cost of the exploration program is estimated to be BGN 510,000.

Quality Assurance and Quality Control

The work programmes in Bulgaria are designed and supervised by Mr. Sean Hasson, Member of the Australian Institute of Geoscientists ("MAIG"), the Company's Executive Director Exploration who is responsible for all aspects of the work, including the quality control and quality assurance programme. Company personnel rigorously collect and track samples which are then securely sealed and shipped to SGS Bor, Serbia for sample preparation and subsequent analysis.

Prior to submission to the laboratory all samples are maintained in a secure core shed / storage facility that maintains 24-hour security, with no unauthorized access unless accompanied by a Company representative.

At SGS Bor samples are racked on trolleys in order by following the submission sheet. Sample numbers are entered into a computer, using the LIMS program that generates the required paperwork. CCLAS randomly creates replicates (10%) and second splits (~10%) of the samples for quality control purposes.

A replicate is a sample taken from the LM5 bowl and assayed twice. A second split is the same sample taken again from the LM5 bowl, placed in a separate bag, and assayed.

All samples were dried for not less than 12 hours at 105°C. Samples are crushed to -6 mm. All samples are pulverized for a minimum of 5 minutes to attain 95% passing through a 75-micron screen (5% of the samples are tested for screen passing). A routine barren flush is completed every 20th sample, or as otherwise requested (i.e., within samples containing visible gold or expected high grade zones). Three samples are taken from the bowl and placed in separate paper packets labelled with the sample number, consisting of:

- 200 g packet (for analysis)
- 300 g packet (permanent on-site record)
- 400 g packet (check analyses)

The residual sample is placed back in its original calico bag (residue). Sample pulps are kept for storage, while residue bags are discarded after 3 months.

Eastern inserts standards every 20th sample using internationally accredited standards.

All assaying, including of rock chip and trench samples, is undertaken by the SGS Bor laboratory, located in eastern Serbia, which is independent of the Company. The SGS Bor laboratory is owned by Dundee Precious Metals Inc. (DPM), however SGS Bulgaria manage and operate it on their behalf. The laboratory is not accredited, but all SGS accredited methods and protocols are implemented and used.

Gold is assayed using fire assay (Method FAA505) with an atomic absorption spectrometry (AAS) finish. Multi-element data is assayed by Inductively Coupled Plasma Mass Spectrometry (ICP -MS); (Method IMS14B).

Any silver assays returning values above 10 g/t are re-assayed using the AAS15Q method. Within each batch of 50 samples internal lab QA/QC checks consist of three repeats, three second splits, two standards, and one blank.

The Company has established QA/QC procedures which cover sample collection and processing at the properties. These cover a mix of sample types but notably all drilling programs completed on the properties incorporate the insertion of CRMs and duplicates into the sample stream on a batch-by-batch basis.

Qualified Person

Mr Sean Hasson, MAIG, the Company's Executive Director Exploration and a Qualified Person as defined by National Instrument 43-101, has approved the scientific and technical information concerning the Company discussed in this MD&A. Mr Hasson is not independent of the Company as he is a shareholder of Eastern Resources.

Exploration and Evaluation Assets

As at September 30, 2022 the Company had a balance of exploration and evaluation assets of BGN 598,975 compared to BGN 452,235 on December 31, 2021 and BGN 418,567 on December 31, 2020, which is further detailed in the table below:

Exploration & Evaluation Assets - Figures in BGN September 30, 2022	2020	2021	2021	2022
	Ending Year Total	Ending Year Total	9 months ending 30-Sep-21	9 months ending 30-Sep-22
Expenses on materials-Chukata	27,138	45,055	48,652	48,916
Expenses on hired services-Chukata	384,650	394,928	392,328	442,763
Other expenses - Chukata	-	-	-	774
Expenses on salaries-Chukata	2,432	2,432	2,432	33,084
Social security expenses-Chukata	527	527	527	3,753
Depreciation - Tangible assets - Chukata	-	-	-	945
Total Chukata	414,747	442,942	443,939	530,235
Expenses on materials-Kutel	-	-	-	5,253
Expenses on hired services-Kutel	3,820	9,293	6,673	29,486
Other expenses - Kutel	-	-	-	568
Expenses on salaries-Kutel	-	-	-	30,652
Social security expenses-Kutel	-	-	-	2,358
Depreciation - Tangible assets - Kutel	-	-	-	422
Total Kutel	3,820	9,293	6,673	68,740
Research and development-other	-	-	-	-
Total Project Investment	418,567	452,235	450,612	598,975
Investment Summary by Project				
Chukata	414,747	442,942	443,939	530,235
Kutel	3,820	9,293	6,673	68,740
Other	-	-	-	-
Total Project Investment	418,567	452,235	450,612	598,975

There was a small decline in Capitalized Exploration Investment (Exploration and Evaluation Assets) in 2021 from the ending balance in 2020, as a result of management's decision to expense some previously capitalized costs.

As of September 30, 2022, the total investment was BGN 598,975. A breakdown of the material exploration expenses comprises:

- Diamond drilling of BGN 364,795 (61% of total)
- Salaries (and related benefits) comprised BGN 69,848 (12% of total)
- Trenching and rock chip sampling was BGN 34,058 (6% of total)
- Database management services of BGN 37,185 (6% of total)
- Permits and license fees accounted for BGN 33,921 (6% of total)
- Environmental Assessment and Rehabilitation of BGN 12,379 (2% of total)
- For Expenses, the above amounts account for 92% of total project investment as of September 30, 2022.

RESULTS FROM OPERATIONS

Income Statement Highlights - figures in BGN September 30, 2022	2020	2021	2021	2022	2021	2022
	Ending Year Total	Ending Year Total	9 months ending 30-Sep-21	30-Sep-22	3 months ending 30-Sep-21	30-Sep-22
Revenue	-	141,081	2	-	2	-
Expenses	37,740	72,334	54,604	301,324	24,987	173,936
Net Profit (Loss)	(37,740)	68,747	(54,602)	(301,324)	(24,984)	(173,936)
Average Common shares issued and outstanding	30	30	30	33	30	35
Net Profit (Loss) per Share	(1,258)	2,292	(1,820)	(9,131)	(833)	(4,970)
<i>Expenses = Operating Expenses + Net Finance Expense/Income</i>						

Three months ended September 30, 2022 ("Q3 2022") and 2021 ("Q3 2021")

During the three months ended September 30, 2022, the Company reported a net loss for the period of BGN 173,936 compared to a net loss of BGN 24,984 for the same period in 2021. The loss per share was BGN 4,970 for the three months ended September 30, 2022 compared to BGN 833 for the three months ended September 30, 2021.

The Company's expenses were BGN 173,936 in Q3 2022 compared to BGN 24,987 in Q3 2021.

An analysis of the significant variances follows:

- Legal Fees related to Going Public of BGN 91,127 in 2022 vs. Nil for 2021
- Accounting and Audit Fees related to Going Public BGN 13,295 vs. nil for 2021
- Other Legal and Accounting Fees of BGN 16,180 vs. BGN 11,589 for 2021
- Salaries were BGN 26,540 vs. nil for 2021
- Geology Consulting of BGN 11,966 vs. Nil for 2021
- Finance expense (primarily interest cost in 2022 of BGN 11,754 vs. BGN 12,783 for 2021)
- For Expenses, the above details account for 99% & 98% of total expenses for 2022 and 2021 respectively

Nine months ended September 30, 2022 ("YTD 2022") and 2021 ("YTD 2021")

During the nine months ended September 30, 2022, the Company reported net loss for the period of BGN 301,324, compared to a net loss of BGN 54,604 for the same period in 2021.

Loss per share was BGN 8,609 and BGN 1,820 respectively for the nine months ended September 30, 2022 and 2021.

The Company's expenses were BGN 301,324 YTD 2022 compared to BGN 54,604 YTD 2021.

An analysis of the significant variances follows:

- Legal Fees related to Going Public of BGN 91,127 in 2022 vs. Nil for 2021

- Accounting and Audit Fees related to Going Public BGN 51,031 vs. Nil for 2021
- Other Legal and Accounting Fees of BGN 29,546 vs. BGN 14,586 for 2021
- Salaries were BGN 60,633 vs. Nil for 2021
- Geology Consulting of BGN 11,966 vs. Nil for 2021
- Finance expense (primarily interest cost) in 2022 of BGN 33,336 vs. BGN 39,055 for 2021
- For Expenses, the above details account for 93% & 98%, of total expenses for 2022 and 2021 respectively

Year ended December 31, 2021 and December 31, 2020

During the year ended December 31, 2021, the Company reported net income for the period of BGN 68,747 compared to a loss of BGN 37,740 for the year ended December 31, 2020.

Net income per share was BGN 2,292 for the year ended December 31, 2021 while 2020 saw a loss of BGN 1,258 per share.

The Company's expenses were BGN 72,334 in 2021 compared to BGN 37,740 in 2020.

An analysis of the significant variances follows:

- As a company in the exploration phase an annual loss would normally be expected; however, in 2021 the company reported a net income of BGN 68,747. This was resultant of loans forgiven by Mr. Sean Hasson to the company's favour resulting in Revenue in 2021 for the Company. In 2021 the company reported revenue of BGN 141,081. Some of this was offset by expenses and the company still realized net income of BGN 68,747.
- Legal and Accounting Fees in 2021 of BGN 19,320 vs. BGN 3,810 for 2020
- Finance expense (primarily interest cost) in 2021 of BGN 51,877 vs. BGN 32,160 for 2020
- For Expenses, the above details account for 98% and 95% of total expenses for 2021 and 2020 respectively

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. The following is a summary of selected financial data for the Company for the latest eight completed financial quarters.

Summary of Quarterly Results - figures in BGN	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q1	2022.Q2	2022.Q3
Net Earnings (Loss) for the quarter	(28,782)	(765)	(28,853)	(24,984)	123,349	(3,949)	(123,439)	(173,936)
Net Earnings (Loss) per Share for the quarter	(959)	(26)	(962)	(833)	4,112	(132)	(3,527)	(4,970)
Total Assets at quarter end	495,116	511,297	509,471	531,106	519,389	1,193,764	1,141,659	990,901
Working Capital at quarter end	(409,745)	(683,227)	(718,860)	(766,130)	(620,189)	54,269	(209,951)	295,175
Working Capital Excluding amounts due to Shareholders	73,294	62,141	26,507	(20,763)	58,874	733,331	498,783	295,175
Number of Shareholders	3	3	3	3	3	3	4	4
Average Number of Shares	30	30	30	30	30	30	35	35

The changes in the Company's financial results on a quarter-by-quarter basis are due primarily to fluctuations in the level of activity of the Company's exploration programmes and administration. Total assets and working capital will fluctuate based on any debt or equity issuances, with working capital decreasing predominantly to support exploration activities. The Company is a mineral exploration Company and does not earn any revenue on a regular basis.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company has been historically financing its operations through shareholder loans, admission of a new shareholder and voluntary labour. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favourable. If adequate financing

is not available when required, the Company may be required to delay, scale back or eliminate various programmes and may be unable to continue in operation. The Company may seek such additional financing through debt, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any admission of a new shareholder could result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be in large part derived from the development of its mineral properties for the mining of certain minerals, particularly gold, or interests related thereto. The economics of developing and producing resource properties are affected by many factors including the cost of operations, variations in the grade of ore discovered or mined and the price of the metals produced. Depending on metal prices, the Company may determine that it is impractical to continue development of its mineral properties or to pursue commercial production.

Gold prices are affected by factors that include anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments and shifts in supply and demand. Gold prices remain moderate to strong for the foreseeable future.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise capital.

For the nine months ending September 30, 2022, there was net increase in cash of BGN 226,790. Net cash used in operating activities during the nine months ended September 30, 2022 was BGN 335,683. Net cash used in investing activities during the nine months ended September 30, 2022 was BGN 118,025. The company issued shares during the nine months ended September 30, 2022, resulting in net cash provided by financing activities of BGN 680,500.

Admission of a New Shareholder

On April 11, 2022, the Company's Articles of Association were amended, and a new shareholder was admitted. Five new shares were issued to Dundee Resources Limited, a private Company incorporated under the laws of Ontario, Canada. The equity investment was at arm's length with Dundee Resources Limited.

Post-admission, the founding partners each hold 28.33% of the number of outstanding shares in the Company and Dundee Resources Limited holds 15%.

Dundee Resources Limited contributed BGN 680,500 for 15% of Eastern Resources.

The Company intends to use the proceeds for general working capital purposes.

Capital Management

The Company defines capital that it manages as shareholders' equity and consisting of issued common shares.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Company relies on the expertise of its management to sustain the future development of the business.

The properties in which the Company currently have an interest are in the exploration stage as such the Company has historically relied on shareholder loans to fund its activities. The Company will continue to

assess new properties and seek to acquire an interest in additional properties if it feels that there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2022.

RELATED PARTY DISCLOSURES AND TRANSACTIONS

Identification of Related Parties

Transactions carried out with related parties for the nine months ended September 30, 2022, and the years ending December 31, 2021 and December 31, 2020 are with the following categories of related parties:

Related Parties:	Type of Relationship
Balkan Mineral and Discovery EOOD	Company - Shareholder
GEOPS-Bolkan Drilling Services EOOD	Company - Shareholder
Seefin Capital OOD	Company - Shareholder
Sean Maxwell Hasson	Management
Danko Zhelev Zhelev	Management

Transactions and balances with the related parties:

The company has been financed since incorporation by shareholder loans. The following is a summary of Related Party loans and liabilities to the company for the years ending December 31, 2020, December 31, 2021 and the nine month period ending September 30, 2021 and September 30, 2022.

Related Party Liabilities - figures in BGN September 30, 2022	2020	2021	2021	2022
	Ending	Ending	9 months ending	30-Sep-22
	Year Total	Year Total	30-Sep-21	30-Sep-22
Sean Hasson (Vehicle Rental)	23,729	-	23,729	-
Sean Hasson (Office Rental)	55,154	-	55,154	-
GEOPS-Bolkan Drilling Services	527,810	523,683	500,319	539,852
Related Party Loans (Balkan Mineral & Discovery EOOD)	14,844	15,858	14,844	16,617
Related Party Loans (Seefin Capital OOD)	131,763	162,885	151,321	171,592
Total due to Shareholders	753,301	702,426	745,368	728,060

Management

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of corporate officers. Key management personnel compensation for the three and nine months ended September 30, 2022, and 2021 and the years ending December 31, 2021 and December 31, 2020 was as follows:

Management Salary - figures in BGN September 30, 2022 <i>Gross Taxable Salary</i>	2020	2021	2021	2022	2021	2022
	Ending	Ending	9 months ending	30-Sep-22	3 months ending	30-Sep-22
	Year Total	Year Total	30-Sep-21	30-Sep-22	30-Sep-21	30-Sep-22
Danko Zhelev, Executive Director	-	-	-	57,400	-	24,600
Sean Hasson, Executive Director Exploration	-	-	-	57,400	-	24,600
Total	-	-	-	114,800	-	49,200

No management salaries were incurred in 2020 or 2021. Management personnel were paid only from March to September in 2022.

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended September 31, 2022, and 2021 and the years ending December 31, 2021 and December 31, 2020.

On September 27, 2022, following a General Meeting of Shareholders, a decision was adopted to reduce the Executive Director's monthly salary to nil during the period October 3, 2022 until December 30, 2022.

On September 30, 2022, the Company's Executive Director Exploration was placed on non-paid leave for the period October 3, 2022 until December 30, 2022.

CONTINGENT LIABILITIES

The Company has no contingent liabilities.

BANK GUARANTEES

Pursuant to the requirements of the contract for prospecting and exploration of metallic minerals concluded with the Bulgarian Ministry of Energy on the grounds of Art. 7, para. 2, item 7 with Art. 66 of the Law on Underground Resources for the Kutel and Chukata exploration licence areas, the Company has bank guarantees with First Investment Bank AD as follows:

Bank Guarantees (September 30, 2022)	Expiry	BGN
Chukata (Work Program Related)	23-Jul-24	14,600
Chukata (Environmental)	23-Dec-24	2,000
Kutel (Work Program Related)	21-Jan-23	12,820
Kutel (Environmental)	21-Jan-23	4,500
Other (Bank Admin Fees)		380
Total Blocked funds		34,300

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

None.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Areas requiring a significant degree of estimation and judgement relate to going concern, the recoverability of the carrying value of exploration and evaluation assets, determining whether an acquisition is a business combination or an assets acquisition, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

On September 2, 2022, Eastern entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles") which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business

combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding securities of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSXV.

In accordance with the LOI, the deadline for the completion of the proposed transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated September 8, 2022, for further information (www.sedar.com).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, receivables, and trade and other payables.

As at September 30, 2022, the carrying value of receivables and trade and other payables approximate their fair values due to their short terms to maturity.

The Company is exposed to certain financial risks, including credit risk, currency risks, liquidity risk, interest rate risk, and price risk. Details of each risk are laid out in the notes to the Company's annual audited financial statements. Management has determined that these risks, individually and in aggregate, are immaterial to the Company.

OUTSTANDING SHARE DATA

Outstanding Shares September 30, 2022	2020	2021	2021	2022
	Ending	Ending	9 months ending	
	Year Total	Year Total	30/Sep/21	30/Sep/22
Seefin Capital OOD	10	10	10	10
GEOPS-Bolkan Drilling Services EOOD	10	10	10	10
Balkan Mineral & Discovery EOOD	10	10	10	10
Dundee Resources Ltd.	-	-	-	5
Common shares issued and outstanding	30	30	30	35

RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear the risk of the entire loss of their investment should invest in the Company's common shares.

The Company's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. The Company cannot give assurances that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in

environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

The Company provided a brief summary of some of the Company's risks and uncertainties in its audited financial statements. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of the Company or in connection with the Company's operations.

EVENTS AFTER THE REPORTING PERIOD

On November 28, 2022, the Company received a 10% simple interest-bearing shareholder loan in the amount of \$100,000 CAD from Dundee Resources Limited. The repayment period under the loan agreement is up to two months from the date of the written request from the lender.

The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.

APPROVAL

Mr Danko Zhelev, the Executive Director of the Company approved the disclosures in this MD&A on 12 December 2022.

EASTERN RESOURCES OOD

INTERIM ACTIVITY REPORT

INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2022

Table of contents

	Pages
Interim activity report	1-3
Interim balance sheet	4
Interim statement of profit or loss and other comprehensive income	5
Interim statement of cash flows	6
Interim statement of changes in equity	7
Notes to the interim financial statements	8-22

EASTERN RESOURCES OOD

INTERIM ACTIVITY REPORT

30 September 2022

INTERIM ACTIVITY REPORT

Management presents its interim activity report for the nine-month period ending on 30 September 2022 and the interim financial statements prepared in accordance with International Financial Reporting Standards as of 30 September 2022 and for the nine-month period ending then.

DESCRIPTION OF COMPANY'S ACTIVITY

Eastern Resources OOD (the Company) was registered with Bulgarian Trade register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act.

The main business activity of Eastern Resources OOD relates to exploration of metallic minerals, geological research in Bulgaria, research, exploration and development of mineral resources, foreign and domestic trade and any commercial activity not prohibited by law.

Currently the company performs exploration and drilling activities on the basis of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the basis of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act on the Chukata exploration licence area, located on the land of the Ivaylovgrad municipality and on the Kutel exploration licence area, located on the lands of Laki the Chepelare municipalities.

Management address of the Company is Sofia, Yavorov district, 32, Avitsena Str.

The company is represented by Danko Zhelev Zhelev.

In April 2022 the share capital was increased from BGN 30 to BGN 680,530 by issuing 5 new shares, each with nominal value of BGN 136,100. According to a decision of the general meeting of the Company's owners, dated 11 April 2022, the Company's Articles of Association was amended, and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada.

As at 30 September 2022 the Company's share capital is BGN 680,530 consisting of 35 shares. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the owners' meeting of Eastern Resources OOD.

On 2 September 2022, the Company entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles"), a company incorporated under the laws of Ontario, Canada and listed on the TSX Venture Exchange (TSXV) and which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding shares of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange.

In accordance with the LOI, the deadline for the completion of the proposed transaction is 28 February 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated 8 September 2022 for further information (www.sedar.com).

As at 30 September 2022 the Company has one employee hired under a labour contract. As at 31 December 2021 the Company had no employees hired under labour contracts.

BUSINESS ACTIVITY REVIEW

During the nine months, which ended on 30 September 2022 the Company continued its exploration activities and capitalised costs for exploration amounting to BGN 147 thousand in total. The operating expenses were BGN 270 thousand, as compared to BGN 9 thousand for the same period in the prior year. Finance costs remained without

EASTERN RESOURCES OOD

INTERIM ACTIVITY REPORT

30 September 2022

significant change, BGN 33 thousand (30 September 2021: finance costs of BGN 39 thousand). For the nine-month comparative period these were BGN 39 thousand.

The financial result was net loss of BGN 302 thousand (30 September 2021: net loss of BGN 48 thousand).

Share capital

As at 30 September 2022 the completely paid-in share capital amounts to BGN 680,530, divided into 30 shares with the nominal value of each share of BGN 1 and 5 shares with the nominal value of each share of BGN 136,100.

FUTURE DEVELOPMENT OF THE ACTIVITY

The Company plans in the short- and medium-term to continue the activities of geological exploration for metallic mineral resources in Bulgaria.

SCIENTIFIC RESEARCH AND RESEARCH

The Company is not involved in scientific research and analyses.

PRESENCE OF BRANCHES

The Company does not have branch offices in Bulgaria and abroad.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

In order to finance its activities, as of 30 September 2022 the Company has entered into loan agreements with some of the owners: Seefin Capital OOD and Balkan Mineral and Discovery EOOD.

The notes to the interim financial statements as of 30 September 2022 detail the risks, which the management considers to be material, as well as the way they could affect the Company's operations.

MANAGEMENT RESPONSIBILITIES

Management is responsible for the preparation of the interim financial statements, which should give a true and fair view of the financial position as at the end of the period and of its financial results for the period. The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the IASB (International Accounting Standards Board) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The management confirms that it has consistently applied adequate accounting policies and that the preparation of the interim financial statements as at 30 September 2022 and for the nine-month period then ended complies with the precautionary principle in the valuation of assets, liabilities, income and expense. Management also confirms that the applicable IFRS have been followed. Management is responsible for keeping of proper accounting records, safeguarding Company's assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The interim financial statements have been prepared on the going concern basis and by taking into account the possible effects of the long-term impact of the Covid-19 pandemic and the war in Ukraine. The company reports net loss of BGN 302 thousand for the nine-month period ending on 30 September 2022. As of that date, the accumulated loss is BGN 499 thousand and the current liabilities exceed the current assets by BGN 441 thousand. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without the support of the owners and other sources of funding. Management believes that based on the forecasts for the future development of the Company, as well as due to the continued financial support from the owners of the Company, it will be able to continue its activities and repay its obligations without making significant changes in its activities.

EASTERN RESOURCES OOD

INTERIM ACTIVITY REPORT

30 September 2022

POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except for the following non-adjusting events:

- On 22 October 2022 Eastern Resources entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which Eastern Resources has an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100.
- On 10 November 2022 the Company signed a loan agreement with the new shareholder, Dundee Resources Ltd. for 100 thousand Canadian dollars. On 28 November 2022 it received BGN 136 thousand. The repayment period under the loan agreement is up to two months from the date of receiving a written request from the lender to repay the loan. The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.

Danko Zhelev Zhelev

Danko Zhelev Zhelev
Manager

Sofia
12 December 2022

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

INTERIM BALANCE SHEET

Assets	Note	30.09.2022 BGN'000	31.12.2021 BGN'000
Non-current assets			
Exploration and evaluation assets	3	599	452
Machines and equipment	4	24	2
Total non-current assets		623	454
Current assets			
Trade and other receivables	5	76	-
Cash and cash equivalents	6	292	65
Total current assets		368	65
Total assets		991	519
Equity and liabilities			
Equity			
Share capital	7	681	-
Accumulated loss		(499)	(197)
Total equity		182	(197)
Non-current liabilities			
Related party payables	14.2	728	24
Provisions for land restoration	9	-	7
Total non-current liabilities		728	31
Current liabilities			
Trade and other payables	8	73	6
Provisions for land restoration	9	8	-
Related party payables	14.2	-	679
Total current liabilities		81	685
Total liabilities		809	716
Total equity and liabilities		991	519

The interim financial statements on pages 4 to 22 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
 Manager: Silviya Stefanova Manaskova
 Date: 12 December 2022

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months to 30.09.2022 BGN'000	9 months to 30.09.2022 BGN'000	3 months to 30.09.2021 BGN'000	9 months to 30.09.2021 BGN'000
Hired services expenses	10	(132)	(190)	(12)	(15)
Employee benefits expenses		(26)	(61)	-	-
Other expenses	11	(4)	(19)	-	-
Operating loss		(162)	(270)	(12)	(15)
Finance income	12	-	1	-	-
Finance costs	12	(12)	(33)	(12)	(39)
Loss before tax		(174)	(302)	(24)	(54)
Net loss for the period		(174)	(302)	(24)	(54)
Total comprehensive loss for the period		(174)	(302)	(24)	(54)
Earnings / (loss) per share	16	<u>BGN</u> (4,970)	<u>BGN</u> (9,131)	<u>BGN</u> (833)	<u>BGN</u> (1,820)

The interim financial statements on pages 4 to 22 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manakova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

INTERIM STATEMENT OF CASH FLOWS

	Note	9 months to 30.09.2022 BGN'000	9 months to 30.09.2021 BGN'000
<i>Cash flows from operating activities</i>			
Tax refunds		5	56
Cash paid to suppliers		(233)	(9)
Paid remunerations		(105)	-
Other cash outflows from operating activities		(3)	(1)
Net cash flows used in operating activities		(336)	46
<i>Cash flows from investing activities</i>			
Purchase of equipment and exploration and evaluation assets		(118)	(11)
Net cash flows used in investing activities		(118)	(11)
<i>Cash flows from financing activities</i>			
Proceeds from issue of share capital	7	681	19
Net cash flows used in financing activities		681	19
Net increase / (decrease) in cash and cash equivalents		227	54
Cash and cash equivalents at the beginning of the period		65	18
Cash and cash equivalents at the end of the period	6	292	72

The interim financial statements on pages 4 to 22 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
 Manager: Silviya Stefanova Manaskova
 Date: 12 December 2022

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

INTERIM STATEMENT OF CHANGES IN EQUITY

All amounts are presented in BGN'000	Share capital	Accumulated loss	Total equity
Balance as of 1 January 2022	-	(197)	(197)
Issue of share capital	681	-	681
Transactions with owners	681	-	681
Loss for the period	-	(302)	(302)
Total comprehensive loss for the period	-	(302)	(302)
Balance at 30 September 2022	681	(499)	182

All amounts are presented in BGN '000	Share capital	Accumulated loss	Total equity
Balance as of 1 January 2021	-	(266)	(266)
Loss for the period	-	(54)	(54)
Total comprehensive loss for the period	-	(54)	(54)
Balance at 30 September 2021	-	(320)	(320)

The interim financial statements on pages 4 to 22 were authorized for issue by the Manager on 12 December 2022.

Danko Zhelev Zhelev

Manager: Danko Zhelev Zhelev

Silviya Stefanova Manaskova

Prepared by: DMS Consult OOD
Manager: Silviya Stefanova Manaskova
Date: 12 December 2022

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Nature of operations

Eastern Resources OOD (the Company) was registered with Bulgarian Trade register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act.

The main business activity of Eastern Resources OOD relates to exploration of metallic minerals, geological research in Bulgaria, research, exploration and development of mineral resources, foreign and domestic trade and any commercial activity not prohibited by law.

Currently the company performs exploration and drilling activities on the basis of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the basis of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act on the Chukata exploration licence area, located on the land of the Ivaylovgrad municipality and on the Kutel exploration licence area, located on the lands of Laki the Chepelare municipalities.

Management address of the Company is Sofia, Yavorov district, 32, Avitsena Str.

The company is represented by Danko Zhelev Zhelev.

In April 2022 the share capital was increased from BGN 30 to BGN 680,530 by issuing 5 new shares, each with nominal value of BGN 136,100. According to a decision of the general meeting of the Company's owners, dated 11 April 2022, the Company's Articles of Association was amended, and a new shareholder was accepted, Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada.

As at 30 September 2022 the Company's share capital is BGN 680,530 consisting of 35 shares. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the owners' meeting of Eastern Resources OOD.

On 2 September 2022, the Company entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles"), a company incorporated under the laws of Ontario, Canada and listed on the TSX Venture Exchange (TSXV) and which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding shares of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange.

In accordance with the LOI, the deadline for the completion of the proposed transaction is 28 February 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated 8 September 2022 for further information (www.sedar.com).

As at 30 September 2022 the Company has one employee hired under a labour contract. As at 31 December 2021 the Company had no employees hired under labour contracts.

2. Significant accounting policies

2.1 Basis for the preparation of the interim financial statements

These interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The interim financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000), including comparative information for the nine-month corresponding period in 2021, unless otherwise stated.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

Management is responsible for the preparation and fair presentation of the information in these interim financial statements.

Exploration activities during the nine-month period ended on 30 September 2022

Due to the specifics of the activity from its establishment to the date of preparation of these financial statements, the Company has not realised revenue from its activities. The exploration activities on the two exploration licence areas continued in 2022 and exploration costs of BGN 147 thousand were capitalised during the nine-month period, which ended on 30 September 2022 (see note 3).

As at 30 September 2022, the activities performed by the Company are at the stage of exploration and drilling for potential mineral resources. The management of the Company believes that the conducted research may lead to the development and eventual exploitation of metallic mineral deposits.

Going concern principle

The interim financial statements have been prepared on the going concern basis and by taking into account the possible effects of the long-term impact of the Covid-19 pandemic and the war in Ukraine. The company reports net loss of BGN 302 thousand for the nine-month period ending on 30 September 2022. As of that date, the accumulated loss is BGN 499 thousand and the current liabilities exceed the current assets by BGN 441 thousand. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern without the support of the owners and other sources of funding. Management believes that based on the forecasts for the future development of the Company, as well as due to the continued financial support from the owners of the Company, it will be able to continue its activities and repay its obligations without making significant changes in its activities.

2.2 Changes in accounting policies

New Standards adopted as at 1 January 2022

The Company has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

The accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

New standards and interpretations not yet adopted by the Company

As at 30 June 2022, the following standards and interpretations have been issued but are not mandatory for annual reporting periods beginning on 1 January 2022 and have not been applied early by the Company:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, effective from 1 January 2023
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective from 1 January 2023
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, effective from 1 January 2023
- Definition of Accounting Estimates – Amendments to IAS 8, effective from 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12, effective from 1 January 2023

They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

2.3 Historical cost basis

The interim financial statements have been prepared on a historical cost basis. It should be noted that accounting estimates and assumptions are used for the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.4 Foreign currency transactions

Functional and presentation currency

The separate elements of the interim financial statements of the Company are evaluated in the currency of the main economic environment in which the company operates (functional currency). The interim financial statements are presented in Bulgarian levs, which is the functional currency and the presentation currency.

Reporting currency, transactions and balances

The transactions in foreign currency are presented in the functional currency whereby the official exchange rate of the Bulgarian National Bank as of the transaction date applies.

The exchange rate fluctuations arising out of the settlement or the reporting of those cash positions following exchange rates other than those they were registered initially are reported as gains or losses from foreign currency operations for the period they arise and are recognized in the statement of profit or loss and other comprehensive income. The foreign currency positions are revalued as per official exchange rate of the BNB as at 30 September 2022.

The closing exchange rates of Bulgarian lev to the main currencies used by the Company as at the end of the reporting periods included in the interim financial statements are as follows:

	<u>30.09.2022</u>	<u>31.12.2021</u>
1 EUR	1.95583	1.95583

2.5 Exploration and evaluation assets

The Company capitalises costs for exploration and evaluation assets when it determines that those assets may be successful in finding specific mineral resources. Costs are accumulated on a field-by-field basis. Costs directly associated with an exploration licence area are capitalised until the determination of reserves is evaluated. If it is determined that a commercial discovery has not been achieved, these costs are charged to expense.

Expenditure included in the initial measurement of exploration and evaluation assets relate to the acquisition of rights to explore, and also expenditure for topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities of that unit, the associated expenditures are written off to statement of profit or loss and other comprehensive income.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off after termination of the exploration contract with the relevant state authorities.

2.6 Machines and equipment

Recognition and evaluation

Machines and equipment are measured at their acquisition cost, based on their purchase price and the additional costs incurred in acquiring them less the amount of accrued amortization and any impairment loss. The subsequent costs leading to improvement of the asset condition over the originally assessed standard efficiency or to increase of the future economic benefits are capitalized in the cost of the asset. All other subsequent expenses are recognized on an ongoing basis in the period they are incurred. When machines and equipment incorporate components with different duration of their useful life, they are reported separately. Gains and losses on the sale of machines and equipment are determined by comparing proceeds on disposal with the carrying amount and are recognized on a net basis as other income in the statement of comprehensive income.

Depreciation

The depreciation of the machines and equipment is assessed by consistently applying the straight-line method. The lands are not subject to depreciation. The expected useful life by groups of assets is as follows:

	<u>30.09.2022</u>	<u>31.12.2022</u>
Machines and equipment	3 years	3 years
Transport vehicles	4 years	4 years

The useful life of the machines and equipment is reviewed at the end of each reporting period and, if significant deviations from the expected future useful life are identified, it is adjusted.

The change is considered as a change in the estimated useful life and has an effect on depreciation costs for both the current period and each period over the remaining useful life.

2.7 Inventory

Inventory consists of materials. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognised as an expense for the period of impairment. Net realisable value is the estimated selling price of the inventories less any applicable selling expenses.

2.8 Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate, in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the

effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

2.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.9.1 Financial assets

Classification and initial measurement of financial assets

As of 30 September 2022, the Company classifies its financial assets as debt instruments at amortised cost. The financial assets of the Company include:

- Trade and other receivables and
- Cash and cash equivalents (note 6).

Measurement at initial recognition

The Company recognizes initially the financial assets according to their fair value increased by the costs directly associated with the financial asset.

Subsequent measurement

Assets held for collecting contractual cash flows, where such cash flows are only payments of the principal and interest, are measured at their amortised cost. Interest income is reported as finance income by applying the effective interest rate method. Any profit or loss arising on derecognition is directly recognized in the profit or loss and is presented in other profit/(loss) together with the foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

Impairment

The Company applies IFRS 9's impairment requirements by using forward-looking information to recognise expected credit losses. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

Trade receivables and receivables from related parties are subject to individual credit risk assessment.

The Company considers the following indicators for assessing a significant increase in the credit risk of the loans:

- the receivables are overdue by more than 45 days;
- there are legal, technological or macroeconomic changes which materially and adversely affect the borrower;

- there is information available about significant adverse events affecting the client, for instance cancellation of the loan, breach of covenants, renegotiation due to financial difficulties etc.
- financial difficulties of the debtor
- the debtor has lost an important client or supplier or otherwise has experienced adverse market changes.

2.9.2 Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value and where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

2.10 Leases

For each new contract, the Company considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition for contracts when the company is a lessee, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

To determine the incremental borrowing rate, the Company where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

As at 30 September 2022 the Company is a lessee under a short-term lease agreement for renting an apartment for a period less than one year.

2.11 Income taxes

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

Current income 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 tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 recognised to the extent that it is probable that they 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 recognised as a component of tax income or expense in profit or loss.

2.12 Revenue from contracts with customers

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Due to the specific principal activity of the Company, it has not realized any revenue since the date of its establishment.

2.13 Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or as incurred.

2.14 Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method. Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Finance costs'.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present 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. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

2.16 Significant management judgement in applying accounting policies

The estimates and assumptions are based on the management's experience and other factors, including expected future events considered as probable under given circumstances. The reliability of the estimates and assumptions is reviewed on a regular basis.

The Company makes its estimates and assumptions for accounting and disclosure purposes that may differ from actual results. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Corporate tax

The Company is subject to the jurisdiction of the tax administration of the Republic of Bulgaria. Considerable judgment is needed to determine the tax provision, as tax legislation is constantly evolving and changing. The Company recognizes liabilities for expected tax liabilities based on management's judgment. When the final tax outcome is different from the initially reported amounts, these differences would have an impact on the short-term tax liabilities.

2.17 Estimation uncertainty

Impairment of exploration and evaluation assets

Impairment losses are recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Provisions

The Company recognises provisions for land restoration in accordance with its commitments to the Ministry of Energy. The amount recognised as provisions is estimated based on management's past experience and the future expectations.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

2.18 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Note	30.09.2022 BGN'000	31.12.2021 BGN'000
Financial assets			
Debt instruments measured at amortised cost			
Cash and cash equivalents	6	292	65
		<u>292</u>	<u>65</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
Related party payables	12	728	703
Trade and other payables	8	45	6
		<u>773</u>	<u>709</u>

2.19 Financial risk management

In the course of its business activities, the Company is exposed to a number of financial risks: market risk (including currency risk), credit risk, liquidity risk and risk of change of future cash flows as a result of change of the market interest rates. The Company's program for comprehensive risk management is focused on the unpredictability of the financial markets and aims at reducing the eventual adverse effects on the Company's financial results.

Currency risk

The Company operates predominantly in euro. As the exchange rate of the BNB to the euro is fixed to BGN 1.95583 levs per EUR 1, the Company considers that it is not exposed to significant currency risk.

Credit risk

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, which consist of cash and cash equivalents as of 30 September 2022.

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Interest rate risk

The Company has received loans from related parties, which bear fixed interest rates (see note 12); therefore, it is not exposed to interest rate risk.

Liquidity risk

The table below analyses the financial liabilities of the Company in the relevant maturity groupings based on the remaining period from the balance sheet date to the maturity date of the contract. The amounts disclosed in the table are contractual undiscounted cash flows:

30 September 2022	Non-current	
	1-	2 years
	BGN'000	
Related party liabilities:		
- loans		188
- trade liabilities		540
Trade liabilities		45
Total financial liabilities		<u>773</u>

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

2.20 Capital risk management

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt comprises of total liabilities less the carrying amount of cash and cash equivalents.

The amount of the correlation for the presented accounting periods is summarized as follows:

	30.09.2022	31.12.2021
	BGN '000	BGN '000
Total liabilities	809	716
Reduced by: cash and cash equivalents	(292)	(65)
Net debt	517	651
Total equity	182	(197)
Total capital (net debt + equity)	699	454
Debt ratio	1.16	1.43

3. Exploration and evaluation assets

	Exploration and evaluation assets
	BGN'000
<i>Book value</i>	
As at 1 January 2021	418
Exploration costs eligible for capitalisation	34
As at 31 December 2021	452
Exploration costs eligible for capitalisation	147
As at 30 September 2022	599

	30.09.2022	31.12.2021
	BGN'000	BGN'000
Capitalised exploration costs for the Chukata exploration licence, located in Ivaylovgrad municipality, Bulgaria based on a contract with Ministry of Energy in force until April 2024	530	443
Capitalised exploration costs for the Kutel exploration licence located in Laki and Chepelare municipalities, based on a contract with Ministry of Energy in force until October 2023	69	9
Exploration and evaluation assets	599	452

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

4. Machines and equipment

	<u>Equipment</u>	<u>Computers</u>	<u>Cars</u>	<u>Total</u>
	BGN'000	BGN'000	BGN'000	BGN'000
<i>Book value</i>				
As at 1 January 2021	3	-	-	3
As at 31 December 2021	3	-	-	3
Additions	-	4	20	24
As at 30 September 2022	3	4	20	27
<i>Depreciation</i>				
As at 1 January 2021	-	-	-	-
Depreciation charges	1	-	-	1
As at 31 December 2021	1	-	-	1
Depreciation charges - capitalised in exploration assets	1	-	1	2
As at 30 September 2022	2	-	1	3
<i>Book value</i>				
As at 31 December 2021	2	-	-	2
As at 30 September 2022	1	4	19	24

5. Trade and other receivables

	<u>30.09.2022</u>	<u>31.12.2021</u>
	BGN'000	BGN'000
Prepaid expenses	64	-
Refundable Value Added Tax	5	-
Paid deposits and other receivables	7	-
Trade and other receivables	76	-

6. Cash and cash equivalents

	<u>31.12.2021</u>	<u>31.12.2021</u>
	BGN'000	BGN'000
Cash in bank, including:		
- current bank accounts	257	38
- blocked cash	34	26
	291	64
Cash in hand	1	1
Cash and cash equivalents	292	65

As of 30 September 2022, the blocked cash in bank accounts is BGN 34 thousand (31 December 2021: BGN 26 thousand) due to bank guarantees issued in favour of Ministry of Energy (see note 15).

7. Registered share capital

Eastern Resources OOD was registered with the Trade Register to the Registry Agency on 22 October 2014, in accordance with the requirements of the Commercial Law in force in the Republic of Bulgaria.

The Company was established by three legal entities - Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD, each of which owns 10 shares equal to BGN 10, or a total of BGN 30.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

The share capital of the Company amounted to BGN 30, divided into 30 shares with a nominal value of BGN 1 for each share as of 31 December 2021. The share capital was increased in April 2022.

According to a decision of the general meeting of the Company's owners, dated 11 April 2022, the Company's Articles of Association was amended, and a new shareholder was accepted. The capital of the Company was increased from BGN 30 to BGN 680,530 and 5 new shares were issued, each with nominal value BGN 136,100. Dundee Resources Limited, a company incorporated under the laws of Ontario, Canada was accepted as a new shareholder in the Company.

After the increase of the Company's capital, the distribution of the shares between the shareholders is as follows:
- the founders of the Company - Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD hold 10 shares each, with nominal value of BGN 10 per share or a total of BGN 30; and
- Dundee Resources Limited holds 5 shares with nominal value of BGN 136,100 each or a total of BGN 680,500.

According to the amendment of the Company's Articles of Association dated 11 April 2022, each of the shareholders Seefin Capital OOD, Geops-Bolkan Drilling Services EOOD and Balkan Mineral and Discovery EOOD have 10 votes in the general meeting of Company's owners and 28.33% of the number of shares in the capital of the Company, as well as the right to dividends from profits and liquidation share. The new accepted shareholder Dundee Resources Limited has 5 votes in the general meeting of Company's owners and 15% of the number of shares in the share capital of the Company, as well as the right to dividends from profits and liquidation share.

8. Trade and other payables

	<u>30.09.2022</u>	<u>31.12.2021</u>
	BGN'000	BGN'000
Trade payables to suppliers	45	6
Liabilities to employees	18	-
Taxes and social security liabilities	10	-
Trade and other payables	73	6

9. Provisions for land restoration

	<u>Provisions for land restoration</u>
	BGN'000
As at 1 January 2022	7
Interests from discounting	1
As at 30 September 2022	8

According to the contracts for prospecting and exploration of metallic minerals, concluded with the Ministry of Energy, the Company has commitments for future environmental rehabilitation and restoration costs, amounting to BGN 8 thousand as of 30 September 2022.

10. Hired services expenses

	3 months to 30.09.2022 BGN'000	9 months to 30.09.2022 BGN'000	3 months to 30.09.2021 BGN'000	9 months to 30.09.2021 BGN'000
Consulting and accounting services	(130)	(184)	(12)	(15)
Rent	(2)	(5)	-	-
Others	-	(1)	-	-
Hired services expenses	(132)	(190)	(12)	(15)

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS
30 September 2022

12. Other expenses	3 months to 30.09.2022 BGN'000	9 months to 30.09.2022 BGN'000	3 months to 30.09.2021 BGN'000	9 months to 30.09.2021 BGN'000
Business trips	(4)	(13)	-	-
Others	-	(6)	-	-
Other expenses	(4)	(19)	-	-

13. Finance income and finance costs	3 months to 30.09.2022 BGN'000	9 months to 30.09.2022 BGN'000	3 months to 30.09.2021 BGN'000	9 months to 30.09.2021 BGN'000
Exchange rate gains	-	1	-	-
Finance income	-	1	-	-
Interest expenses for discounted liabilities to suppliers and provisions for loan restoration	(5)	(17)	(9)	(29)
Interest expenses on loans received	(3)	(9)	(3)	(9)
Bank fees and other financial expenses	(4)	(7)	-	(1)
Finance costs	(12)	(33)	(12)	(39)

14. Related party transactions and balances

14.1 Identification of related parties

For the purpose of these financial statements the Company discloses as related parties the key management personnel, the companies-owners, their subsidiaries and associates, their representatives, as well the members of their families, including the companies controlled by all aforesaid persons, which are also considered related parties.

Related party	Type of relationship
Balkan Mineral and Discovery EOOD	shareholder
Geops-Bolkan Drilling Services EOOD	shareholder
Seefin Capital OOD	shareholder
Dundee Resources Ltd.	shareholder
Sean Maxwell Hasson	manager and shareholder of Seefin Capital OOD
Sania Ilieva Hasson	shareholder of Seefin Capital OOD
Danko Zhelev Zhelev	key management personnel of Eastern Resources OOD

14.2 Related party balances

	30.09.2022 BGN'000	31.12.2021 BGN'000
Trade liabilities to the shareholder Geops-Bolkan Drilling Services EOOD	540	-
Loan payables to shareholders	188	-
- principal	131	-
- interest	57	-
Trade liabilities to the shareholder Geops-Bolkan Drilling Services EOOD	-	24
Non-current related party payables	728	24
Trade liabilities to the shareholder Geops-Bolkan Drilling Services EOOD	-	500
Loan payables to shareholders	-	179
- principal	-	131
- interest	-	48
Current related party payables	-	679
Related party payables	728	703

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

Terms and conditions of the trade liabilities to related parties

Trade liabilities to related parties are related to drilling services provided by the shareholder Geops-Bolkan Drilling Services EOOD. Originally they were due within 2 years from the date of issuance of the invoice. On 30 September 2022 the payment period was extended to 31 March 2024. The liabilities are discounted at 10% and are stated at present value as of 30 September 2022.

Terms and conditions of the loan payables to shareholders

	31.12.2021		Changes during the 9-month period ended 30.09.2022	30.09.2022
	Principal liabilities BGN'000	Interest liabilities BGN'000	Accrued interest BGN'000	Related party loan payables BGN'000
Related party				
Seefin Capital OOD	121	42	8	171
Balkan Mineral and Discovery EOOD	10	6	1	17
	131	48	9	188

In 2014, 2016, 2017, 2019 and 2021 the Company signed loan agreements with the shareholder Seefin Capital OOD. The total amount of the principal is BGN 121 thousand as of 30 September 2022. The repayment period under the concluded agreements was up to 2 months from the date on which the lender requests repayment. On 30 September 2022 the deadline for repayment was extended was changed to 31 March 2024. According to the loan agreement from 2014, annual interest is 4.5%. All other loan agreements require annual interest of 10%. No collateral has been provided by Eastern Resources OOD.

In 2016 the Company entered into a loan agreement with the shareholder Balkan Mineral and Discovery EOOD. The amount of the principal is BGN 10 thousand. The repayment period was up to 2 months from the date on which the lender requests repayment. On 30 September 2022 the deadline for repayment was extended was changed to 31 March 2024. The annual interest rate is 10%. No collateral has been provided by Eastern Resources OOD.

14.3 Related party transactions

The purchases from related parties during the nine-month period ending on 30 September 2022 and the comparative prior period were:

Related party	Type of activity	9 months to 30.09.2022	9 months to 30.09.2021
		BGN'000	BGN'000
Geops-Bolkan Drilling Services EOOD	Drilling services and transport services for drilling samples - net present value	-	(23)
Seefin Capital OOD	Interest	(8)	(8)
Balkan Mineral and Discovery EOOD	Interest	(1)	(1)
		(9)	(32)

15. Contingent liabilities and commitments

Bank guarantees

Pursuant to the requirements of contracts for exploration of metallic minerals, concluded with the Ministry of Energy on the grounds of Art. 7, para. 2, item 7 with Art. 66 of the Mineral Resources Act in the Chukata and Kutel exploration licence areas, the Company has concluded contracts for bank guarantees with First Investment Bank AD.

EASTERN RESOURCES OOD

INTERIM FINANCIAL STATEMENTS

30 September 2022

As of 30 September 2022 the bank guarantees are as follows:

- bank guarantee issued in favour of the Ministry of Energy in the amount of BGN 17 thousand with expiration date 21 January 2023. Its purpose is to cover any requirement for future environmental rehabilitation in accordance with the exploration licence.
- bank guarantee issued in favour of the Ministry of Energy in the amount of BGN 17 thousand with expiration date 23 December 2024. The amount can be claimed by the Ministry of Energy if the Company fails to complete the previously agreed work programme.

Litigations

No claims were brought against the Company.

Others

The latest tax inspections of Company carried out by the tax administration are as follows:

- VAT – up to 30 September 2022;
- Corporate income tax – no inspections since establishment;
- Social security and tax on individuals – no inspections since establishment.

The Company's management does not believe that there are significant risks as a result of the dynamic fiscal and regulatory environment in Bulgaria, which would require adjustments to the financial statements for the nine-month period ended 30 September 2022.

16. Earnings/(loss) per share

Basic earnings/ (loss) per share have been calculated using the profit/ (loss) attributed to shareholders of the Company as the numerator.

The weighted average number of outstanding shares used for basic earnings / (loss) per share as well as profit / (loss) attributable to shareholders are as follows:

	3 months to 30.09.2022 BGN'000	9 months to 30.09.2022 BGN'000	3 months to 30.09.2021 BGN'000	9 months to 30.09.2021 BGN'000
Profit/(loss) attributable to the shareholders (BGN)	(173,936)	(301,324)	(24,984)	(54,602)
Weighted average number of outstanding shares	35	33	30	30
Basic earnings/ (loss) per share (BGN per share)	(4,970)	(9,131)	(833)	(1,820)

17. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization, except for the following non-adjusting events:

- On 22 October 2022 Eastern Resources entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which Eastern Resources has an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100.
- On 10 November 2022 the Company signed a loan agreement with the new shareholder, Dundee Resources Ltd. for 100 thousand Canadian dollars. On 28 November 2022 it received BGN 136 thousand. The repayment period under the loan agreement is up to two months from the date of receiving a written request from the lender to repay the loan. The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.

Appendix D

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF EASTERN RESOURCES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
AND FOR THE THREE AND NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2022**



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022
AND THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Bulgarian Lev)

INTRODUCTION

This Management Discussion and Analysis (the “MD&A”) provides relevant information on the operations and financial condition of Eastern Resources OOD (the “Company” or “Eastern”) as at and for the nine months ending September 30, 2022 and 2021, and the years ending December 31 2021 and 2020 and is dated as of December 12, 2022.

The Company is in the business of mineral exploration, currently focused in Bulgaria, Eastern Europe. Activities include the evaluation, acquisition and exploration of mineral properties in the search of economic mineral deposits. The realisation of amounts shown for exploration and evaluation assets is dependent on the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All amounts in this MD&A are expressed in Bulgarian Lev (BGN), unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards (IFRS) as approved by the IASB (International Accounting Standards Board) and the interpretations issued by the IFRS Interpretations Committee (IFRIC). The reviewed interim financial statements for the nine-month period ending on 30 September 2022 and the annual audited financial statements for the year ending on 31 December 2021 (with comparative figures for 2020) of Eastern Resources OOD were prepared in Bulgarian Lev (BGN), which is the Functional Currency for the Company.

The information provided in this MD&A and the interim and annual financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes that such estimates have been based on careful judgements and have been properly reflected in the interim and audited statements.

The MD&A should be read in conjunction with the Company’s interim financial statements and notes thereto for the three and nine months ended September 30, 2022 and 2021, as well as the Company’s audited financial statements and notes thereto for the years ended December 31, 2021 and 2020.

The Company was registered with Bulgarian Trade Register to the Registry Agency on 22 October 2014 under company identification number 203263097 pursuant to the provisions of Bulgarian Commercial Act. Its principal office is located at Tsar Osvoboditel 29, floor 6, Sofia, 1000, Bulgaria. Its registered address is located at Avitsena 32, Sofia, 1124, Bulgaria.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995 concerning the business, operations and financial performance and condition of the Company. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding future capital expenditures and financings (including the amount and nature thereof), anticipated content, commencement, and cost of exploration programs in respect of the Company's projects and mineral properties, anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits, resources and/or reserves on the Company's projects and mineral properties, the outcome of legal proceedings and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Often, but not always, forward looking statements can be identified by words such as “pro forma”, “plans”, “expects”, “may”, “should”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “potential” or variations of such words including negative and grammatical variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others:

- The Company’s strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets.
- The ability of the Company to obtain sufficient financing to fund its business activities and plans on an ongoing basis.
- Operating and technical difficulties in connection with mineral exploration or development or mine development activities for the Company's projects generally, including the geological mapping, prospecting, drilling and sampling programs for the Company's projects.
- Actual results of exploration activities, including exploration results, the estimation or realization of mineral resources and mineral reserves, the timing and amount of estimated future production, costs of production, capital expenditures, and the costs and timing of the development of new deposits.
- Possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry.
- Delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities.
- Changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of future litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions.
- Requirements for additional capital, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities.
- The ability of the Company to successfully respond to any legal challenges to permits or licenses necessary for its mineral exploration or development activities, and the results and impact of any such legal challenges on the Company’s exploration timeline and business activities.
- The ability of the Company to continue to operate during the COVID-19 pandemic and that the Company’s responses to the COVID-19 pandemic will be effective in continuing operations in the ordinary course.
- Global geopolitical uncertainty caused by the war in Ukraine.
- Negative economic outlook and increased commodity prices caused by global supply chain issues and labour disruptions.
- Those factors discussed under the headings “Risk and Uncertainties” and “Financial Instruments and Risk Management” in this MD&A.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking statements in this MD&A or incorporated by reference herein, except as otherwise required by law.

DESCRIPTION OF BUSINESS

Eastern Resources was incorporated in 2014 and is a private gold exploration and development company focused on two mineral properties located in Bulgaria. The founding partners of the Company have a cumulative seventy years of operating experience within Bulgaria and the surrounding region. Management has been directly involved in the discovery and definition of 7.2Mozs gold and 1.4Mt copper (as per National Instrument 43-101) within the region over the previous twenty years, including Bulgaria's first new gold mine in forty years.

The Company is currently focused on exploration assets in Bulgaria. The country is a member of the European Union (2007) and a NATO member (2004). The local currency, the lev (BGN) has been pegged, initially to the deutschemark and subsequently the euro since the introduction of the Currency Board in July 1997. In July 2020, Bulgaria was admitted as a member to the Exchange Rate Mechanism II and currently intends to adopt the Euro as its official currency from January 1, 2024.

Bulgaria has a stable and clearly defined Mining Law ('Law on Underground Resources') which was introduced in 1999 and further amended in 2011 and 2020. Mineral royalties are determined via a sliding scale based on profitability and range between 0.8% to 4% of the gross metal value. There are no back-in right, payments or other agreements and encumbrances on the exploration properties that the Company holds.

Within Bulgaria, there are currently no restrictions on foreign ownership of property by firms and the corporate tax rate is a flat 10%.

On September 2, 2022, Eastern entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles") which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding securities of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the "TSXV").

In accordance with the LOI, the deadline for the Completion of the Proposed Transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated September 8, 2022, for further information (www.sedar.com).

EXPLORATION PROJECTS

The Company is focused on gold exploration and development. The Company's material projects are located within the Eastern Rhodope in southeastern Bulgaria. The following discussion on the Company's material properties has been sourced from the following reports:

- Technical Report Kutel Gold Project NI 43-101, Eastern Rhodope, Bulgaria; By MJ Burnett, CGeol, EurGeol; Effective Date: September 22, 2022.
- Technical Report Kostilkovo Gold Project NI 43-101, Eastern Rhodope, Bulgaria; By MJ Burnett, CGeol, EurGeol & PG Greenhill, FAusIMM; Effective Date: September 8, 2022.

These Technical Reports (Reports) have been prepared by AMC Mining Consultants (Canada) Ltd. (AMC) of Vancouver, Canada on behalf of St Charles Resources Inc. (St Charles) of Toronto, Ontario. They have been prepared in accordance with the disclosure requirements of National Instrument 43-101 - Standards of Disclosure for Mineral Projects (NI 43-101), to disclose relevant information about the Properties. The Technical Reports were filed with the TSXV in connection with the proposed Qualifying Transaction of St Charles.

The reports can be found at www.sedar.com under the company profile: St Charles Resources Inc.

Kutel Gold Project

Introduction

Eastern has been engaged in exploration on the property for economically viable gold deposits located within a known, large (15 square kilometres (km²)) low sulfidation epithermal system.

Property description and ownership

The property is located in the south-east of Bulgaria, in the Rhodope mountain range, approximately 150 kilometres (km) to the south-east of Sofia, the capital of Bulgaria. The property can be accessed from the village of Pavelsko, Smolyan District, of south-central Bulgaria, by paved and / or gravel roads. Access on the property is via a series of untarred forest access roads.

Eastern applied to the Ministry of Energy for the exploration licence in 2016 with final approval being granted in late 2018 via Decision № 491. The agreement between Eastern and the Ministry of Energy came into force on October 8, 2020. The exploration license covers an area of 24.4 km² and allows for prospecting and exploration of metallic minerals in the Kutel area, Chepelare municipality (Smolyan region) and the Laki municipality (Plovdiv region) of Bulgaria.

The initial agreement is valid for a period of three years from December 21, 2020 and may be extended for two two-year periods after that.

Qualified Person (QP), Mark Burnett conducted a two-day site visit of the property in May 2022.

Geology and mineralisation

The property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are hosted in sedimentary rocks, spatially associated with detachment faulting and half graben formation. These Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

The only in situ evidence of a paleogeothermal system on the property is represented by hydrothermal explosion breccias (HEBs), which are also known as phreatic breccias, which contain quartz-adularia-illite vein clasts. Siliceous sinters and / or steam heated alteration have not yet been identified, on the Property.

Exploration status

The property was explored by the Bulgarian state, under the auspices of the Committee for Geology, during the late 1970s to the late 1980s; with airborne geophysical data having been acquired in the late 1980s. From 1994 - 1996, rock chip sampling by the Bulgarian State indicated the presence of a low-grade gold anomaly, in the north of the Property, which is likely to have been derived from areas of stratigraphic replacement. In addition, eight hand-dug trenches and two diamond drillholes were completed. The location of the trenches and the collar locations of the drillholes are uncertain, however are known to be located within the northern portion of the Property (Stofuritsa-Kalki area).

Dundee Precious Metals Inc. (DPM) acquired the Property in 2008. DPM undertook a major exploration program on the Property, including geological mapping and rock chip sampling (multiple campaigns), two

phases of soil geochemical sampling (200 m x 50 m) and a property-wide trenching campaign across the Property.

A diamond core drilling program consisting of 987.9 metres was completed by DPM during 2012 on the northern portion of the Property. The DPM drilling was believed to be targeting a geophysical anomaly at depth beneath the Kalki area. The Property was relinquished by DPM in 2015 and was acquired by Eastern in 2020.

Eastern has undertaken geological mapping and selective rock chip sampling on the Property and intends to undertake a limited diamond drilling program in 2023. Rock chip results include two samples with gold grades above 0.1 grams per tonne (g/t) Au, with a maximum value of 0.2 g/t Au, while three silver grades exceed 10 g/t Ag, with a maximum value of 26 g/t Ag.

No Mineral Resources estimates have been completed.

Conclusions and recommendations

Through a detailed analysis of historical data as well as a follow up mapping and prospecting programs, Eastern has established an exploration model in which hydrothermal fluids rise along structural pathways until confined by an impermeable horizon where a build-up in fluid pressure leads to the generation of hydrothermal explosion breccias which fracture through the horizon, transporting quartz-adularia-illite vein clasts to higher elevations.

The recognized relationship between the HEBs and gold mineralization underpins a geological basis for further exploration through targeted drilling. It is recommended that drilling be undertaken on the Property to test below the identified HEBs.

The QP makes the following exploration recommendations for the next year of exploration on the Kutel Property:

- To initially drill test beneath each of the three HEBs (Kumina, Kutel, and Yavor) with one 500 m length diamond drillhole for each target for a total of 1,500 m.

The cost of the exploration program is estimated to be BGN 490,000.

Kostilkovo Gold Project

Introduction

Eastern has been engaged in exploration on the Property for economically viable gold deposits within a low sulfidation epithermal system, hosted, primarily, in sedimentary rocks of the Krumovgrad Group.

Property description and ownership

The project is located 270 kilometres (km) south-east of the capital city of Bulgaria, Sofia, close to the border with Greece, in the Municipality of Ivailovgrad within Haskovo Region. The town of Ivailovgrad is the regional centre, located 13 km north-east of the Kostilkovo Gold Project.

Eastern applied for the Chukata exploration license in November 2014, with final approval being granted on April 23, 2019, as per Decision No. 480/27.04.2018. The Property covers an area of 66.18 square kilometres (km²), with the Project being located in the southwestern area of the Property, covering an area of approximately 15 km². The Property is 100% owned by Eastern, and the initial exploration license agreement was valid until 2022. An extension agreement, valid from 27 April 2022, allows Eastern to explore the property for an additional 2-year period.

Qualified Person (QP), Mark Burnett conducted a two-day site visit of the property in May 2022.

Geology and mineralisation

The property is located within the Eastern Rhodope metallogenic province of the Western Tethyan magmatic belt, which underwent extension and metamorphic core complex formation within a back-arc environment, followed by normal faulting, basin subsidence, and voluminous calc-alkaline to shoshonitic andesitic to rhyolitic magmatism during the Maastrichtian-Oligocene.

The known gold deposits and occurrences in the region are located in sedimentary rocks, spatially associated with detachment faulting and half graben formation, and these Eocene age paleogeothermal systems represent the oldest known Tertiary mineralization event i.e., pre-volcanism.

In situ evidence of a paleogeothermal system on the property has been identified through the presence of abundant quartz-adularia-illite vein float material occurring within mapped upflow zones and associated with minor amounts of gold mineralization.

Exploration status

Exploration on the property has focused on the Project area, which had been demonstrated from the work of previous operators to be prospective, and specifically within six principal prospect areas. Activities by Eastern have included the following:

- Compilation and assessment of historical exploration data.
- Handheld radiometric surveys.
- Limited 1:25,000 mapping and prospecting of the Property, and 1:5,000 scale geological mapping of the Project area.
- Geological prospecting, including gold panning and rock / float sampling.
- Excavation and sampling of 24 trenches, for a total length of 1,161 metres (m), and 42 assays.
- Drilling of 19 diamond drillholes for a total of 2,331 m and 126 assays.

Assaying has been conducted through the SGS Bor laboratory in Serbia, primarily focused on gold by fire assay, supported by Inductively Coupled Plasma Mass Spectrometry (ICP -MS) assaying of suites of additional elements. Sample preparation and assaying have been accompanied by quality assurance and quality control (QA/QC) procedures, using certified reference standards, field duplicates and an umpire laboratory. The QP has reviewed the sampling and QA/QC procedures and considers them to be of good industry standard.

Eastern has conducted a first pass investigation of the leaching behaviour of selected quartz-chalcedony float material spatially across one prospect area. All samples were ground to P₈₀ 75 microns (µm) then subjected to a 500 gram (g), agitated CN bottle roll with pH 10 and excess NaCN. Solution samples were assayed for Au and Ag after 2, 6, 12, 24, and 48 hours.

The initial program was designed to ensure maximum recoveries of Au and Ag. Gold recoveries were >92% after 24 hours and Ag recoveries were >93% for five of the seven samples tested. The high gold recoveries support an initial assessment that the samples tested are not refractory or include only minor quantities of refractory material.

Conclusions and recommendations

Through a detailed analysis of historical data as well as via an extensive mapping and prospecting program, Eastern has established the presence of a large (10 km²) low-sulfidation epithermal system on the Project, with multiple upflow zones containing quartz-adularia-illite vein material identified. The Property has not

yet been fully explored and it is Eastern's opinion that additional potential for low-sulfidation epithermal systems exist on the Property.

Initial metallurgical test work has demonstrated the presence of gold bearing material that has free-milling characteristics.

It is recommended that drilling be undertaken on the Project to identify the location, thickness, and presence of vein systems in the Project area.

The QP makes the following exploration recommendations for the next year of exploration on the Kostilkovo Gold Project which is located on the Chukata Property:

- To initially drill test beneath the mapped upflow zones located within the Izvorite and Runkite prospect areas with approximately 8 diamond drillholes for a total of 1,500 m.

The cost of the exploration program is estimated to be BGN 510,000.

Quality Assurance and Quality Control

The work programmes in Bulgaria are designed and supervised by Mr. Sean Hasson, Member of the Australian Institute of Geoscientists ("MAIG"), the Company's Executive Director Exploration who is responsible for all aspects of the work, including the quality control and quality assurance programme. Company personnel rigorously collect and track samples which are then securely sealed and shipped to SGS Bor, Serbia for sample preparation and subsequent analysis.

Prior to submission to the laboratory all samples are maintained in a secure core shed / storage facility that maintains 24-hour security, with no unauthorized access unless accompanied by a Company representative.

At SGS Bor samples are racked on trolleys in order by following the submission sheet. Sample numbers are entered into a computer, using the LIMS program that generates the required paperwork. CCLAS randomly creates replicates (10%) and second splits (~10%) of the samples for quality control purposes.

A replicate is a sample taken from the LM5 bowl and assayed twice. A second split is the same sample taken again from the LM5 bowl, placed in a separate bag, and assayed.

All samples were dried for not less than 12 hours at 105°C. Samples are crushed to -6 mm. All samples are pulverized for a minimum of 5 minutes to attain 95% passing through a 75-micron screen (5% of the samples are tested for screen passing). A routine barren flush is completed every 20th sample, or as otherwise requested (i.e., within samples containing visible gold or expected high grade zones). Three samples are taken from the bowl and placed in separate paper packets labelled with the sample number, consisting of:

- 200 g packet (for analysis)
- 300 g packet (permanent on-site record)
- 400 g packet (check analyses)

The residual sample is placed back in its original calico bag (residue). Sample pulps are kept for storage, while residue bags are discarded after 3 months.

Eastern inserts standards every 20th sample using internationally accredited standards.

All assaying, including of rock chip and trench samples, is undertaken by the SGS Bor laboratory, located in eastern Serbia, which is independent of the Company. The SGS Bor laboratory is owned by Dundee Precious Metals Inc. (DPM), however SGS Bulgaria manage and operate it on their behalf. The laboratory is not accredited, but all SGS accredited methods and protocols are implemented and used.

Gold is assayed using fire assay (Method FAA505) with an atomic absorption spectrometry (AAS) finish. Multi-element data is assayed by Inductively Coupled Plasma Mass Spectrometry (ICP -MS); (Method IMS14B).

Any silver assays returning values above 10 g/t are re-assayed using the AAS15Q method. Within each batch of 50 samples internal lab QA/QC checks consist of three repeats, three second splits, two standards, and one blank.

The Company has established QA/QC procedures which cover sample collection and processing at the properties. These cover a mix of sample types but notably all drilling programs completed on the properties incorporate the insertion of CRMs and duplicates into the sample stream on a batch-by-batch basis.

Qualified Person

Mr Sean Hasson, MAIG, the Company's Executive Director Exploration and a Qualified Person as defined by National Instrument 43-101, has approved the scientific and technical information concerning the Company discussed in this MD&A. Mr Hasson is not independent of the Company as he is a shareholder of Eastern Resources.

Exploration and Evaluation Assets

As at September 30, 2022 the Company had a balance of exploration and evaluation assets of BGN 598,975 compared to BGN 452,235 on December 31, 2021 and BGN 418,567 on December 31, 2020, which is further detailed in the table below:

Exploration & Evaluation Assets - Figures in BGN September 30, 2022	2020	2021	2021	2022
	Ending Year Total	Ending Year Total	9 months ending 30-Sep-21	9 months ending 30-Sep-22
Expenses on materials-Chukata	27,138	45,055	48,652	48,916
Expenses on hired services-Chukata	384,650	394,928	392,328	442,763
Other expenses - Chukata	-	-	-	774
Expenses on salaries-Chukata	2,432	2,432	2,432	33,084
Social security expenses-Chukata	527	527	527	3,753
Depreciation - Tangible assets - Chukata	-	-	-	945
Total Chukata	414,747	442,942	443,939	530,235
Expenses on materials-Kutel	-	-	-	5,253
Expenses on hired services-Kutel	3,820	9,293	6,673	29,486
Other expenses - Kutel	-	-	-	568
Expenses on salaries-Kutel	-	-	-	30,652
Social security expenses-Kutel	-	-	-	2,358
Depreciation - Tangible assets - Kutel	-	-	-	422
Total Kutel	3,820	9,293	6,673	68,740
Research and development-other	-	-	-	-
Total Project Investment	418,567	452,235	450,612	598,975
Investment Summary by Project				
Chukata	414,747	442,942	443,939	530,235
Kutel	3,820	9,293	6,673	68,740
Other	-	-	-	-
Total Project Investment	418,567	452,235	450,612	598,975

There was a small decline in Capitalized Exploration Investment (Exploration and Evaluation Assets) in 2021 from the ending balance in 2020, as a result of management's decision to expense some previously capitalized costs.

As of September 30, 2022, the total investment was BGN 598,975. A breakdown of the material exploration expenses comprises:

- Diamond drilling of BGN 364,795 (61% of total)
- Salaries (and related benefits) comprised BGN 69,848 (12% of total)
- Trenching and rock chip sampling was BGN 34,058 (6% of total)
- Database management services of BGN 37,185 (6% of total)
- Permits and license fees accounted for BGN 33,921 (6% of total)
- Environmental Assessment and Rehabilitation of BGN 12,379 (2% of total)
- For Expenses, the above amounts account for 92% of total project investment as of September 30, 2022.

RESULTS FROM OPERATIONS

Income Statement Highlights - figures in BGN September 30, 2022	2020	2021	2021	2022	2021	2022
	Ending Year Total	Ending Year Total	9 months ending 30-Sep-21	30-Sep-22	3 months ending 30-Sep-21	30-Sep-22
Revenue	-	141,081	2	-	2	-
Expenses	37,740	72,334	54,604	301,324	24,987	173,936
Net Profit (Loss)	(37,740)	68,747	(54,602)	(301,324)	(24,984)	(173,936)
Average Common shares issued and outstanding	30	30	30	33	30	35
Net Profit (Loss) per Share	(1,258)	2,292	(1,820)	(9,131)	(833)	(4,970)
<i>Expenses = Operating Expenses + Net Finance Expense/Income</i>						

Three months ended September 30, 2022 ("Q3 2022") and 2021 ("Q3 2021")

During the three months ended September 30, 2022, the Company reported a net loss for the period of BGN 173,936 compared to a net loss of BGN 24,984 for the same period in 2021. The loss per share was BGN 4,970 for the three months ended September 30, 2022 compared to BGN 833 for the three months ended September 30, 2021.

The Company's expenses were BGN 173,936 in Q3 2022 compared to BGN 24,987 in Q3 2021.

An analysis of the significant variances follows:

- Legal Fees related to Going Public of BGN 91,127 in 2022 vs. Nil for 2021
- Accounting and Audit Fees related to Going Public BGN 13,295 vs. nil for 2021
- Other Legal and Accounting Fees of BGN 16,180 vs. BGN 11,589 for 2021
- Salaries were BGN 26,540 vs. nil for 2021
- Geology Consulting of BGN 11,966 vs. Nil for 2021
- Finance expense (primarily interest cost in 2022 of BGN 11,754 vs. BGN 12,783 for 2021)
- For Expenses, the above details account for 99% & 98% of total expenses for 2022 and 2021 respectively

Nine months ended September 30, 2022 ("YTD 2022") and 2021 ("YTD 2021")

During the nine months ended September 30, 2022, the Company reported net loss for the period of BGN 301,324, compared to a net loss of BGN 54,604 for the same period in 2021.

Loss per share was BGN 8,609 and BGN 1,820 respectively for the nine months ended September 30, 2022 and 2021.

The Company's expenses were BGN 301,324 YTD 2022 compared to BGN 54,604 YTD 2021.

An analysis of the significant variances follows:

- Legal Fees related to Going Public of BGN 91,127 in 2022 vs. Nil for 2021

- Accounting and Audit Fees related to Going Public BGN 51,031 vs. Nil for 2021
- Other Legal and Accounting Fees of BGN 29,546 vs. BGN 14,586 for 2021
- Salaries were BGN 60,633 vs. Nil for 2021
- Geology Consulting of BGN 11,966 vs. Nil for 2021
- Finance expense (primarily interest cost) in 2022 of BGN 33,336 vs. BGN 39,055 for 2021
- For Expenses, the above details account for 93% & 98%, of total expenses for 2022 and 2021 respectively

Year ended December 31, 2021 and December 31, 2020

During the year ended December 31, 2021, the Company reported net income for the period of BGN 68,747 compared to a loss of BGN 37,740 for the year ended December 31, 2020.

Net income per share was BGN 2,292 for the year ended December 31, 2021 while 2020 saw a loss of BGN 1,258 per share.

The Company's expenses were BGN 72,334 in 2021 compared to BGN 37,740 in 2020.

An analysis of the significant variances follows:

- As a company in the exploration phase an annual loss would normally be expected; however, in 2021 the company reported a net income of BGN 68,747. This was resultant of loans forgiven by Mr. Sean Hasson to the company's favour resulting in Revenue in 2021 for the Company. In 2021 the company reported revenue of BGN 141,081. Some of this was offset by expenses and the company still realized net income of BGN 68,747.
- Legal and Accounting Fees in 2021 of BGN 19,320 vs. BGN 3,810 for 2020
- Finance expense (primarily interest cost) in 2021 of BGN 51,877 vs. BGN 32,160 for 2020
- For Expenses, the above details account for 98% and 95% of total expenses for 2021 and 2020 respectively

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. The following is a summary of selected financial data for the Company for the latest eight completed financial quarters.

Summary of Quarterly Results - figures in BGN	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q1	2022.Q2	2022.Q3
Net Earnings (Loss) for the quarter	(28,782)	(765)	(28,853)	(24,984)	123,349	(3,949)	(123,439)	(173,936)
Net Earnings (Loss) per Share for the quarter	(959)	(26)	(962)	(833)	4,112	(132)	(3,527)	(4,970)
Total Assets at quarter end	495,116	511,297	509,471	531,106	519,389	1,193,764	1,141,659	990,901
Working Capital at quarter end	(409,745)	(683,227)	(718,860)	(766,130)	(620,189)	54,269	(209,951)	(432,885)
Working Capital Excluding amounts due to Shareholders	73,294	62,141	26,507	(20,763)	58,874	733,331	498,783	295,175
Number of Shareholders	3	3	3	3	3	3	4	4
Number of Shares	30	30	30	30	30	30	35	35

The changes in the Company's financial results on a quarter-by-quarter basis are due primarily to fluctuations in the level of activity of the Company's exploration programmes and administration. Total assets and working capital will fluctuate based on any debt or equity issuances, with working capital decreasing predominantly to support exploration activities. The Company is a mineral exploration Company and does not earn any revenue on a regular basis.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company has been historically financing its operations through shareholder loans, admission of a new shareholder and voluntary labour. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favourable. If adequate financing

is not available when required, the Company may be required to delay, scale back or eliminate various programmes and may be unable to continue in operation. The Company may seek such additional financing through debt, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any admission of a new shareholder could result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be in large part derived from the development of its mineral properties for the mining of certain minerals, particularly gold, or interests related thereto. The economics of developing and producing resource properties are affected by many factors including the cost of operations, variations in the grade of ore discovered or mined and the price of the metals produced. Depending on metal prices, the Company may determine that it is impractical to continue development of its mineral properties or to pursue commercial production.

Gold prices are affected by factors that include anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments and shifts in supply and demand. Gold prices remain moderate to strong for the foreseeable future.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise capital.

For the nine months ending September 30, 2022, there was net increase in cash of BGN 226,790. Net cash used in operating activities during the nine months ended September 30, 2022 was BGN 335,683. Net cash used in investing activities during the nine months ended September 30, 2022 was BGN 118,025. The company issued shares during the nine months ended September 30, 2022, resulting in net cash provided by financing activities of BGN 680,500.

Admission of a New Shareholder

On April 11, 2022, the Company's Articles of Association were amended, and a new shareholder was admitted. Five new shares were issued to Dundee Resources Limited, a private Company incorporated under the laws of Ontario, Canada. The equity investment was at arm's length with Dundee Resources Limited.

Post-admission, the founding partners each hold 28.33% of the number of outstanding shares in the Company and Dundee Resources Limited holds 15%.

Dundee Resources Limited contributed BGN 680,500 for 15% of Eastern Resources.

The Company intends to use the proceeds for general working capital purposes.

Capital Management

The Company defines capital that it manages as shareholders' equity and consisting of issued common shares.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Company relies on the expertise of its management to sustain the future development of the business.

The properties in which the Company currently have an interest are in the exploration stage as such the Company has historically relied on shareholder loans to fund its activities. The Company will continue to

assess new properties and seek to acquire an interest in additional properties if it feels that there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2022.

RELATED PARTY DISCLOSURES AND TRANSACTIONS

Identification of Related Parties

Transactions carried out with related parties for the nine months ended September 30, 2022, and the years ending December 31, 2021 and December 31, 2020 are with the following categories of related parties:

Related Parties:	Type of Relationship
Balkan Mineral and Discovery EOOD	Company - Shareholder
GEOPS-Bolkan Drilling Services EOOD	Company - Shareholder
Seefin Capital OOD	Company - Shareholder
Sean Maxwell Hasson	Management
Danko Zhelev Zhelev	Management

Transactions and balances with the related parties:

The company has been financed since incorporation by shareholder loans. The following is a summary of Related Party loans and liabilities to the company for the years ending December 31, 2020, December 31, 2021 and the nine month period ending September 30, 2021 and September 30, 2022.

Related Party Liabilities - figures in BGN September 30, 2022	2020	2021	2021	2022
	Ending	Ending	9 months ending	30-Sep-22
	Year Total	Year Total	30-Sep-21	30-Sep-22
Sean Hasson (Vehicle Rental)	23,729	-	23,729	-
Sean Hasson (Office Rental)	55,154	-	55,154	-
GEOPS-Bolkan Drilling Services (Short Term)	257,548	500,319	500,319	539,852
Related Party Loans (Balkan Mineral & Discovery EOOD)	14,844	15,858	14,844	16,617
Related Party Loans (Seefin Capital OOD)	131,763	162,885	151,321	171,592
GEOPS-Bolkan Drilling Services (Long Term)	270,262	23,364	-	-
Total due to Shareholders	753,301	702,426	745,368	728,060

Management

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of corporate officers. Key management personnel compensation for the three and nine months ended September 30, 2022, and 2021 and the years ending December 31, 2021 and December 31, 2020 was as follows:

Management Salary - figures in BGN September 30, 2022 <i>Gross Taxable Salary</i>	2020	2021	2021	2022	2021	2022
	Ending	Ending	9 months ending	30-Sep-22	3 months ending	30-Sep-22
	Year Total	Year Total	30-Sep-21	30-Sep-22	30-Sep-21	30-Sep-22
Danko Zhelev, Executive Director	-	-	-	57,400	-	24,600
Sean Hasson, Executive Director Exploration	-	-	-	57,400	-	24,600
Total	-	-	-	114,800	-	49,200

No management salaries were incurred in 2020 or 2021. Management personnel were paid only from March to September in 2022.

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three and nine months ended September 31, 2022, and 2021 and the years ending December 31, 2021 and December 31, 2020.

On September 27, 2022, following a General Meeting of Shareholders, a decision was adopted to reduce the Executive Director's monthly salary to nil during the period October 3, 2022 until December 30, 2022.

On September 30, 2022, the Company's Executive Director Exploration was placed on non-paid leave for the period October 3, 2022 until December 30, 2022.

CONTINGENT LIABILITIES

The Company has no contingent liabilities.

BANK GUARANTEES

Pursuant to the requirements of the contract for prospecting and exploration of metallic minerals concluded with the Bulgarian Ministry of Energy on the grounds of Art. 7, para. 2, item 7 with Art. 66 of the Law on Underground Resources for the Kutel and Chukata exploration licence areas, the Company has bank guarantees with First Investment Bank AD as follows:

Bank Guarantees (September 30, 2022)	Expiry	BGN
Chukata (Work Program Related)	23-Jul-24	14,600
Chukata (Environmental)	23-Dec-24	2,000
Kutel (Work Program Related)	21-Jan-23	12,820
Kutel (Environmental)	21-Jan-23	4,500
Other (Bank Admin Fees)		380
Total Blocked funds		34,300

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

None.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Areas requiring a significant degree of estimation and judgement relate to going concern, the recoverability of the carrying value of exploration and evaluation assets, determining whether an acquisition is a business combination or an assets acquisition, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

On September 2, 2022, Eastern entered into a binding Letter of Intent ("LOI") with St Charles Resources Inc. ("St Charles") which is a Capital Pool Company under TSXV Policy 2.4, in respect of a proposed business

combination transaction pursuant to which St Charles shall acquire all of the issued and outstanding securities of the Company. It is anticipated that the Proposed Transaction will constitute St Charles' "Qualifying Transaction" as defined in and in accordance with Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSXV.

In accordance with the LOI, the deadline for the completion of the proposed transaction is February 28, 2023, or such other date as may be agreed upon by the parties in writing.

See St Charles Resources Inc. press release dated September 8, 2022, for further information (www.sedar.com).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, receivables, and trade and other payables.

As at September 30, 2022, the carrying value of receivables and trade and other payables approximate their fair values due to their short terms to maturity.

The Company is exposed to certain financial risks, including credit risk, currency risks, liquidity risk, interest rate risk, and price risk. Details of each risk are laid out in the notes to the Company's annual audited financial statements. Management has determined that these risks, individually and in aggregate, are immaterial to the Company.

OUTSTANDING SHARE DATA

Outstanding Shares September 30, 2022	2020	2021	2021	2022
	Ending Year Total	Ending Year Total	9 months ending 30/Sep/21	30/Sep/22
Seefin Capital OOD	10	10	10	10
GEOPS-Bolkan Drilling Services EOOD	10	10	10	10
Balkan Mineral & Discovery EOOD	10	10	10	10
Dundee Resources Ltd.	-	-	-	5
Common shares issued and outstanding	30	30	30	35

RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear the risk of the entire loss of their investment should invest in the Company's common shares.

The Company's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. The Company cannot give assurances that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in

environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

The Company provided a brief summary of some of the Company's risks and uncertainties in its audited financial statements. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of the Company or in connection with the Company's operations.

EVENTS AFTER THE REPORTING PERIOD

On November 28, 2022, the Company received a 10% simple interest-bearing shareholder loan in the amount of \$100,000 CAD from Dundee Resources Limited. The repayment period under the loan agreement is up to two months from the date of the written request from the lender.

The Company intends to use the proceeds for general working capital purposes in relation to the ongoing transaction with St Charles Resources Inc.

APPROVAL

Mr Danko Zhelev, the Executive Director of the Company approved the disclosures in this MD&A on 22 December 2022.

Appendix E

**PRO FORMA FINANCIAL STATEMENTS
OF THE RESULTING ISSUER**

Unaudited Pro Forma
Consolidated Financial Statement of

St Charles Resources Inc.

(in Canadian dollars)

St Charles Resources Inc.
Pro Forma Unaudited Consolidated Statement of Financial Position
As at September 30, 2022

<i>(in Canadian dollars)</i>	Eastern Resources OOD	St Charles Resources Inc.	Pro Forma Adjustments	Note Ref	Pro Forma St Charles Resources Inc.
	\$	\$	\$		\$
ASSETS					
Current					
Cash and cash equivalents	202,292	1,957,153	(250,000)	3 a)	
			100,000	3 e)	2,009,445
Accounts receivable	52,886	14,802	-		67,688
	255,178	1,971,955	(150,000)		2,077,133
Non-current					
Property, plant and equipment	16,427	3,337	-		19,764
Exploration and evaluation assets	415,089	-	-		415,089
TOTAL ASSETS	686,694	1,975,292	(150,000)		2,511,986
LIABILITIES					
Current					
Loans from related parties	-	-	100,000	3 e)	100,000
Accounts payable and accrued liabilities	50,437	64,724	-		115,161
	50,437	64,724	100,000		215,161
Non-current					
Loans from related parties	504,546	-	-		504,546
Provision for restoration	5,663	-	-		5,663
	510,209	-	-		510,209
TOTAL LIABILITIES	560,646	64,724	100,000		725,370
SHAREHOLDERS' EQUITY					
Share capital (Note 8)	484,475	1,918,671	(1,918,671)	3 b)	
			2,736,000	3 f)	3,220,475
Contributed surplus	-	322,116	(322,116)	3 c)	
			249,000	3 f)	249,000
Cumulative translation adjustment	(1,272)	-	-		(1,272)
Deficit	(357,155)	(330,219)	330,219	3 d)	
			(250,000)	3 a)	
			(1,074,432)	3 f)	(1,681,587)
TOTAL SHAREHOLDERS' EQUITY	126,048	1,910,568	(250,000)		1,786,616
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	686,694	1,975,292	(150,000)		2,511,986

The accompanying notes are an integral part of this unaudited Pro Forma Consolidated Financial Statement.

St Charles Resources Inc.
Notes to the Pro Forma Unaudited Consolidated Financial Statement
As at September 30, 2022 (in Canadian dollars)

1. Description of transaction

St Charles Resources Inc. (“St Charles”) and Eastern Resources OOD (“Eastern Resources”) have entered into a Business Combination Agreement (“BCA”) (the “Transaction”), whereby St Charles, a capital pool company listed on the TSX Venture Exchange (“TSXV”) will acquire all of the issued and outstanding common shares of Eastern Resources, a private company existing under the laws of Bulgaria. The transaction is expected to constitute St Charles’ Qualifying Transaction under the Capital Pool Company Policy (the “CPC Policy”) of the TSXV. Following the completion of the Transaction, St Charles will continue on the business of Eastern Resources under the name St Charles (the “Resulting Issuer”) until a proposal to change its name is made, subject to the approval of the shareholders of the Resulting Issuer.

It is expected that the Transaction will be recorded as an asset acquisition, whereby for accounting purposes, Eastern Resources is presented as acquiring the net assets of St Charles. Upon completion of the Transaction, existing shareholders of Eastern Resources are expected to own a controlling interest in the combined entity, on a basic shares outstanding basis.

Completion of the Transaction is subject to a number of conditions, including obtaining all necessary regulatory approvals. There can be no assurance that the Transaction will be completed as proposed or at all.

2. Basis of presentation

This unaudited Pro Forma Consolidated Financial Statement has been prepared for illustrative purposes only, to show the effect of the Transaction described in Note 1 and is not intended to reflect the financial position which would have actually resulted if the events described herein had been in effect at the dates indicated.

In preparing this unaudited pro forma consolidated financial statement, historical information was derived from the statements of financial position of St Charles and Eastern Resources at September 30, 2022. The unaudited pro forma consolidated statement of financial position shows the effect of the Transaction as if it had occurred on September 30, 2022.

The presentation currency of the unaudited Pro Forma Consolidated Financial Statement being the Canadian dollar, the statement of financial position of Eastern Resources at September 30, 2022 was translated from the Bulgarian Lev (its functional currency) to Canadian Dollars in accordance with IAS 21 as follows:

- Assets and liabilities at the period end rate;
- Equity at historical rates;
- Translation differences are recognized in the cumulative translation adjustment account in Shareholders’ Equity.

At September 30, 2022	In Bulgarian Lev	Exch rate	In Can dollars
Total assets	990,901	0.6930	686,694
Total liabilities	(809,013)	0.6930	(560,646)
Share capital	(680,530)	0.7119	(484,475)
Cumulative translation adjustment	-		1,272
Deficit	498,642	0.7163	357,155
	-		-

St Charles Resources Inc.
Notes to the Pro Forma Unaudited Consolidated Financial Statement
As at September 30, 2022 (in Canadian dollars)

2. Basis of presentation (continued)

This unaudited Pro Forma Consolidated Financial Statement has been compiled using the significant accounting policies set out in the audited financial statement of Eastern Resources as at December 31, 2021. Management has determined that no material pro forma adjustments are necessary to conform St Charles' accounting policies to the accounting policies used by Eastern Resources in the preparation of its audited financial statements.

It is management's opinion that this unaudited Pro Forma Consolidated Financial Statement includes all adjustments necessary for fair presentation, in all material respects, of the Transaction described in Note 1. The unaudited Pro Forma Consolidated Financial Statement is not intended to be indicative of the financial condition that would have been achieved if the transaction had been completed on the date presented, nor does it purport to project the financial position of the consolidated entity for any future period or as of any future date.

3. Pro Forma Adjustments and Assumptions

The unaudited Pro Forma Consolidated Financial Statements reflect the following adjustments as if they had occurred on September 30, 2022:

- a) Total transaction costs are estimated at \$250,000. Transaction costs are applicable to the entire organization and cannot be attributed to any single transaction and are therefore expensed and recorded as a decrease to shareholders' equity.
- b) A reduction in share capital of \$1,918,671 to eliminate St. Charles' historical share capital.
- c) A reduction in contributed surplus of \$322,116 to eliminate St. Charles' historical accumulated contributed surplus account.
- d) An adjustment of \$330,219 to eliminate St. Charles' historical accumulated losses.
- e) On November 28, 2022, Dundee Resources Ltd., a related party of Eastern Resources, advanced an amount of \$100,000 to Eastern Resources for working capital purposes. This amount is to be repaid upon two months-notice.
- f) The Transaction is assumed to constitute an asset acquisition as St Charles is not expected to meet the definition of a business in accordance with IFRS 3. The assets and liabilities are assumed to be recorded at their estimated fair values, which are based on management's preliminary estimates and are subject to final valuation adjustments.

The acquired shares represent the outstanding shares of St Charles at September 30, 2022 recorded at their deemed fair value of \$0.10 per share, being the issue price of its IPO completed in April 26, 2022. The acquired stock options represent the outstanding stock options of St Charles at September 30, 2022. The stock options were valued using the Black-Scholes valuation model using an expected volatility of 85% (based on the volatility of comparable entities), a risk-free interest rate of 3.7%, an expected life of approximately 1.9 years, and an expected dividend yield of 0%. The acquired warrants represent the outstanding warrants of St Charles at September 30, 2022. The warrants were valued using the Black-Scholes valuation model using an expected volatility of 85% (based on the volatility of comparable entities), a risk-free interest rate of 3.4%, an expected life of approximately 4.6 years, and an expected dividend yield of 0%.

St Charles Resources Inc.
Notes to the Pro Forma Unaudited Consolidated Financial Statement
As at September 30, 2022 (in Canadian dollars)

3. Pro Forma Adjustments and Assumptions (continued)

Consideration transferred	In Can dollars
27,360,000 shares at a fair value of \$0.10 per share	2,736,000
2,736,000 stock options (1)	116,000
2,000,000 compensation options (2)	133,000
	<u>2,985,000</u>
Price allocation	In Can dollars
Cash	1,957,153
Accounts receivable	14,802
Property, plant and equipment	3,337
Accounts payable and accrued liabilities	(64,724)
Listing expenses	1,074,432
	<u>2,985,000</u>

(1) Valued using the Black-Scholes option pricing model, using a volatility rate of 85%, a risk free interest rate of 3.7%, an expected life of 1.9 years and a dividend yield of 0%.

(2) Valued using the Black-Scholes option pricing model, using a volatility rate of 85%, a risk free interest rate of 3.4%, an expected life of 4.6 years and a dividend yield of 0%.

4. Pro Forma Share Capital

Shares in the unaudited Pro Forma Consolidated Financial Statements are comprised of the following:

At September 30, 2022	Number of shares	Share Capital \$
St Charles common shares outstanding	27,360,000	1,918,671
Reverse takeover adjustment to share capital	-	(1,918,671)
Common shares issued to Eastern Resources	33,333,300	484,475
Consideration transferred to St Charles shareholders	-	2,736,000
	<u>60,693,300</u>	<u>3,220,475</u>