

ST CHARLES RESOURCES INC.
(a Capital Pool Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

For the three months ended March 31, 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 Company's independent auditor has not performed a review of these unaudited condensed interim financial statements.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Financial Position

<i>(in Canadian dollars)</i>	March 31, 2022	December 31, 2021
	\$	\$
ASSETS		
Current		
Cash	314,385	322,446
Sales taxes receivable	4,037	3,577
Prepaid expenses	3,310	-
Deferred financing costs (Note 3)	80,435	65,315
TOTAL ASSETS	402,167	391,338
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 4)	40,161	23,982
TOTAL LIABILITIES	40,161	23,982
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	368,000	368,000
Deficit	(5,994)	(644)
TOTAL SHAREHOLDERS' EQUITY	362,006	367,356
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	402,167	391,338

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

Events after the Reporting Date (Note 6)

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

<i>(in Canadian dollars)</i>	Three months ended March 31, 2022
	\$
Expenses	
Project evaluation	5,202
General and administrative	148
Net loss and comprehensive loss for the period	5,350
Loss per share	
Basic and diluted	(0.00)
Weighted average number of shares outstanding	
Basic and diluted	7,360,000

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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 December 31, 2021	7,360,000	368,000	(644)	367,356
Net loss for the period	-	-	(5,350)	(5,350)
Balance at March 31, 2022	7,360,000	368,000	(5,994)	362,006

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ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Statement of Cash Flows

<i>(in Canadian dollars)</i>	Three months ended March 31, 2022
	\$
Operating activities	
Net loss for the period	(5,350)
Changes in other working capital items	
Sales taxes receivable	(460)
Prepaid expenses	(3,310)
Accounts payable and accrued liabilities	8,843
	(277)
Financing activities	
Deferred financing costs (Note 3)	(7,784)
	(7,784)
Net change in cash	(8,061)
Cash, beginning of period	322,446
Cash, end of period	314,385
Supplemental information	
Additions to deferred financing costs, included in accounts payable and accrued liabilities	7,336

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 months ended March 31, 2022 (unaudited – 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 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 “Exchange”) Policy 2.4 – Capital Pool Companies (“Exchange CPC Policy 2.4”). As at March 31, 2022, 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.

On April 26, 2022, subsequent to quarter end, the Company completed its Initial Public Offering (the “IPO”), and the Company’s shares commenced trading on the Exchange under the symbol “SCRS.P” (Note 6).

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 \$5,350 for the three months ending March 31, 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 (Note 6) 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.

COVID-19

The outbreak of the coronavirus (COVID-19) has resulted in a major global health crisis which at the date of these condensed interim financial statements continues to have a significant impact on the global economy and the financial markets. The Company’s ability to complete 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.

ST CHARLES RESOURCES INC.

(a Capital Pool Company)

Notes to Condensed Interim Financial Statements

Three months ended March 31, 2022 (unaudited – in Canadian dollars)

2. 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 Amended and Restated Prospectus dated April 7, 2022 available on SEDAR at www.sedar.com.

The Board of Directors approved these unaudited condensed interim financial statements on May 19, 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.

3. DEFERRED FINANCING COSTS

The deferred financing costs as at March 31, 2022 totaling \$80,435 relate mainly to expenses associated with the IPO (Note 6) (\$65,315 as at December 31, 2021).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities as at March 31, 2022 totaling \$40,161 consist mostly of accrued professional fees (\$23,982 at December 31, 2021).

5. SHARE CAPITAL

Authorized and issued

An unlimited number of common shares with no par value.

Issued and outstanding

As at March 31, 2022, the Company has 7,360,000 issued and outstanding common shares (7,360,000 as at December 31, 2021).

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Notes to Condensed Interim Financial Statements

Three months ended March 31, 2022 (unaudited – in Canadian dollars)

6. EVENTS AFTER THE REPORTING DATE

Initial Public Offering

On April 26, 2022, the Company completed its initial public offering of 20,000,000 common shares in the capital of the Company at \$0.10 per share for gross proceeds of \$2,000,000 (the “Offering”), pursuant to an amended and restated final prospectus dated April 7, 2022 (the “Prospectus”) filed with the Ontario, British Columbia and Alberta Securities Commissions and the Financial and Consumer Affairs Authority of Saskatchewan. The Company’s shares were listed on Tier 2 of the Exchange as a Capital Pool Company on April 26, 2022 under the symbol SCRS.P.

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 under Exchange 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.

iA Private Wealth Inc. (the “Agent”) acted as agent for the Offering. Pursuant to the Offering, the Company compensated the Agent as follows: (1) a cash commission equal to 10% of the gross proceeds of the Offering, (2) a corporate finance fee of \$12,500 and (3) options to purchase up to 2,000,000 shares of the Company at a price of \$0.10 per share, exercisable for a period of 60 months from the closing date of the Offering.

Grant of Stock Options

At the closing of the Offering, the Company also 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.

Shares subject to escrow after completion of the IPO

After completion of the IPO, all issued and outstanding seed shares are 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 dated February 11, 2022 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.