ST CHARLES RESOURCES INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2022 and the period from incorporation (July 16, 2021) to December 31, 2021

Independent Auditor's Report

Raymond Chabot
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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, 2022 and 2021, and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2022 and for the period from incorporation on 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, 2022 and 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and for the period from incorporation on 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

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

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

Raymond Chabot Grant Thornton LLP[1]

Montréal
April 27, 2023

[1] CPA auditor, public accountancy permit no. A127023

ST CHARLES RESOURCES INC.
Statements of Financial Position

(in Canadian dollars)	**December 31, 2022**	December 31, 2021
	$	$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	**1,804,092**	322,446
Sales taxes receivable	**-**	3,577
Prepaid expenses and deposits	**10,975**	-
Deferred financing costs (Note 5)	**-**	65,315
	1,815,067	391,338
Non-current		
Property and equipment (Note 6)	**3,172**	-
TOTAL ASSETS	**1,818,239**	391,338
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	**120,470**	23,982
TOTAL LIABILITIES	**120,470**	23,982
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**1,908,667**	368,000
Contributed surplus (Note 9)	**322,116**	-
Deficit	**(533,014)**	(644)
TOTAL SHAREHOLDERS' EQUITY	**1,697,769**	367,356
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,818,239**	391,338

Nature of operations and liquidity risk (Note 1)

Events after the Reporting Date (Note 15)

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

On behalf of the Board,

/s/ James Crombie	*/s/ Vanessa Cook*
James Crombie, Director	Vanessa Cook, Director

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

(in Canadian dollars)	**Year ended December 31, 2022**	Period from incorporation (July 16, 2021) to December 31, 2021
	$	$
Expenses and other items		
Share-based compensation (Note 9)	**186,087**	-
Professional fees	**322,024**	-
Travel	**29,488**	-
Office and general	**19,473**	644
Reporting issuer costs	**7,665**	-
Depreciation	**634**	-
Finance income	**(33,001)**	-
Net loss and comprehensive loss for the period	**(532,370)**	(644)
Basic and diluted loss per share (Note 10)	**(0.04)**	(0.00)
Weighted average number of shares – basic and diluted (Note 10)	**13,643,836**	-

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

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

(in Canadian dollars)	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)	**-**	**(459,333)**	**136,029**	**-**	**(323,304)**
Share-based compensation (Note 9)	**-**	**-**	**186,087**	**-**	**186,087**
Net loss for the period	**-**	**-**	**-**	**(532,370)**	**(532,370)**
Balance at December 31, 2022	**27,360,000**	**1,908,667**	**322,116**	**(533,014)**	**1,697,769**
Balance at July 16, 2021	-	-	-	-	-
Seed common shares issued for cash (Note 8)	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 are an integral part of these financial statements.

ST CHARLES RESOURCES INC.
Statements of Cash Flows

(in Canadian dollars)	**Year ended to December 31, 2022**	Period from incorporation (July 16, 2021) to December 31, 2021
	$	$
Operating activities		
Net loss for the period	**(532,370)**	(644)
Adjustments		
Share-based compensation	**186,087**	-
Depreciation	**634**	-
Changes in other working capital items		
Sales taxes receivable	**3,577**	(3,577)
Prepaid and expenses	**(10,975)**	-
Accounts payable and accrued liabilities	**116,488**	59
	(236,559)	(4,162)
Investing activities		
Acquisition of property and equipment (Note 6)	**(3,806)**	-
	(3,806)	-
Financing activities		
Issue of shares (Note 8)	**2,000,000**	368,000
Share issue expenses (Note 8)	**(277,989)**	-
Deferred financing costs (Note 5)	**-**	(41,392)
	1,722,011	326,608
Net change in cash and cash equivalents	**1,481,646**	322,446
Cash, beginning of period	**322,446**	-
Cash and cash equivalents, end of period	**1,804,092**	322,446
Supplemental Information		
Additions to deferred financing costs, included in accounts payable and accrued liabilities	**-**	23,923

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

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

St Charles Resources Inc. (the “Company” or “St Charles”) was incorporated on July 16, 2021 under the Ontario *Business Corporations Act*. At December 31, 2022, 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. The Company’s registered head office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada, M5J 2T3.

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 TSX Venture Exchange (“TSXV”) under the symbol “SCRS”.

On September 2, 2022, the Company entered into a binding letter of intent with Eastern Resources OOD (“Eastern Resources”) in respect of a business combination transaction. The business combination with Eastern Resources, which constituted the Company’s Qualifying Transaction, was completed on March 17, 2023 (Note 14).

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 epithermal gold projects located in Bulgaria, on the Bulgarian portion of the Western Tethyan Belt, being the Kutel Gold Project and the Kostilkovo Gold Project.

Liquidity risk

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 $532,370 for the year ended December 31, 2022. However, the Company believes that its working capital balance as at December 31, 2022 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. In assessing whether the going concern assumption is appropriate, management takes into account all available information about its future.

As the Company has no revenues, its ability to continue its operations in the future is dependent on its ability to complete a Qualifying Transaction (Note 14) and to obtain periodically additional financing, through the issuance of equity, debt financing or other means. There is no assurance that the Company will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable for the Company.

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 April 27, 2023.

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

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, 2022. 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 and cash equivalents are 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.

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.

Cash and cash equivalents

Cash and cash equivalents include deposits held with banks and short term investments with original maturities of three months or less.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

Deferred financing costs

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

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recognized on a straight-line basis using the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Computer equipment is depreciated over 3 years. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

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.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

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.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Contributed surplus includes charges related to stock options and compensation options until such equity instruments are exercised. Deficit includes all current and prior year losses.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

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 compensation options, 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.

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, 2022. These updates are not expected to have a significant impact on the Company and are therefore not discussed herein.

December 31, 2022 and 2021 (in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

As at December 31, 2022, cash and cash equivalents of $1,804,092 includes $1,500,000 of guaranteed investment certificates bearing interest at a weighted-average rate of 5.02%, redeemable until February 28, 2023.

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

The deferred financing costs as at December 31, 2021 totaling $65,315 related mainly to expenses associated with the IPO, which were reclassified to share issue expenses on completing the IPO (Note 8).

6. PROPERTY AND EQUIPMENT

Assets subject to depreciation and amortization are as follows:

	$
Net book value at December 31, 2021	-
Acquisition – office equipment	**3,806**
Depreciation	**(634)**
Net book value at December 31, 2022	**3,172**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities as at December 31, 2022 totaling $120,470 ($23,982 at December 31, 2021) consisted mostly of accrued professional expenses.

8. SHARE CAPITAL

Authorized and issued

An unlimited number of common shares with no par value.

As at December 31, 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 $323,304. Such expenses included a cash commission of $200,000, a corporate finance fee of $12,500 paid to the Agent (as described below) and $110,804 in legal, audit and regulatory expenses.

Seed shares issued

In August 2021, 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.

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.

December 31, 2022 and 2021 (in Canadian dollars)

8. SHARE CAPITAL (continued)

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 December 31, 2022	**2,000,000**	**0.10**

The weighted average remaining life of the compensation options outstanding at December 31, 2022 was 4.3 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.

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, 25% of these securities were released 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, if any.

December 31, 2022 and 2021 (in Canadian dollars)

9. 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.

Grant of stock options

On April 26, 2022, 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 December 31, 2022	**2,736,000**	**0.10**

The weighted average remaining life of the stock options outstanding at December 31, 2022 was 4.3 years.

December 31, 2022 and 2021 (in Canadian dollars)

10. 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, which does not include the effect of 7,360,000 seed common shares as these are held in escrow until the completion of a Qualifying Transaction. Potentially dilutive common shares are deemed to be antidilutive as the Company has incurred losses for the year ended December 31, 2022 and for the period from incorporation (July 16, 2021) to December 31, 2021.

11. 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:

	Year ended December 31, 2022	Period from Incorporation (July 16, 2021) to December 31, 2021
	$	$
Loss before income tax	**(532,370)**	(644)
Expected tax recovery based on statutory rate (26.5% in 2022 and 2021)	**(141,078)**	(171)
Non-deductible expenses	**49,481**	-
Amortization of share issue expenses	**(17,135)**	-
Tax benefits not recognized	**108,732**	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 $410,950 as it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company has approximately $410,950 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 ($600) and 2042 ($410,350). The Company also has available at December 31, 2022 tax benefits from share issue expenses of $258,600 (nil at December 31, 2021) and from property and equipment of $3,800 (nil at December 31, 2021).

12. 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 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.

13. 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, 2022, the Company's financial instruments consist of cash and cash equivalents 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 all of its obligations, 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 and cash equivalents 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 12, in normal circumstances. Accounts payable and accrued liabilities have contractual maturities less than 3 months.

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company paid or accrued an amount of $11,498 to Reunion Gold Corporation (nil in 2021), a related party by virtue of common management, for the rental of office space and for the use of office equipment and supplies. Unless otherwise stated, none of the transactions provided for special terms and conditions and no guarantees were given or received.

15. EVENTS AFTER THE REPORTING DATE

Completion of Qualifying Transaction

On March 17, 2023, the Company ("St Charles" or the "Resulting Issuer") completed its Qualifying Transaction (the "Transaction") with Eastern Resources. In accordance with the business combination agreement dated January 31, 2023, the Transaction was effected by way of a share exchange whereby St Charles, on behalf of Eastern Resources (UK) Ltd. ("AcquireCo"), a newly formed wholly-owned subsidiary of St Charles incorporated under the laws of the United Kingdom, issued a total of 33,333,300 common shares of the Resulting Issuer (the "Resulting Issuer Shares") to acquire 100% of the issued and outstanding common shares of Eastern Resources (the "Eastern Resources Shares") from the shareholders of Eastern Resources (the "Eastern Resources Shareholders") on the basis of 952,380 Resulting Issuer Shares for each 1 Eastern Resources Share acquired by AcquireCo. Concurrently, the Eastern Resources Shareholders transferred all of their 35 Eastern Resources Shares to AcquireCo, such that Eastern Resources is now, indirectly, a wholly-owned subsidiary of St Charles.

Following completion of the Transaction, the security holders of St Charles hold 27,360,000 Resulting Issuer Shares, representing approximately 45.08% of the Resulting Issuer Shares and the Eastern Resources Shareholders hold 33,333,300 Resulting Issuer Shares, representing approximately 54.92% of the Resulting Issuer Shares, on a non-diluted basis.

In connection with the Transaction and pursuant to TSXV requirements, St Charles has filed a filing statement dated February 23, 2023 under its profile on SEDAR (www.sedar.com).

Trading of the Company's common shares had been halted following the announcement of the proposed transaction with Eastern Resources in September 2022. The Company received final approval from the TSXV of the Transaction upon the issuance of the Final Exchange Bulletin on March 23, 2023 and as a result, the common shares of the Company resumed trading on the TSXV as of the opening markets on March 27, 2023 under the stock symbol 'SCRS'.

It is expected that the Transaction will be accounted as a reverse takeover of the Company by Eastern Resources and its shareholders, effective March 17, 2023. The Company has not yet assessed the impact of this transaction on its financial statements.

Name change and share consolidation

At a special meeting of the shareholders of the Resulting Issuer held on April 26, 2023, the Company's shareholders approved a name change of the Company from St Charles Resources Inc. to BULGOLD Inc. and a consolidation of the Company's shares on the basis of one (1) post consolidation share for each three (3) pre-consolidation shares currently issued and outstanding. The Company's board of directors intends to implement the share consolidation as soon as is practicable.