

Stinger Resources Inc.

Interim Financial Statements

September 30, 2022

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Stinger Resources Inc. (the "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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Stinger Resources Inc.

Statements of Financial Position

As at September 30, 2022 and December 31, 2021

(unaudited – prepared by management)

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,891,815	3,014,250
Prepaid expenses and deposits (notes 4 and 11)	1,363,133	906,887
Receivable (notes 5 and 7)	97,428	139,239
Marketable securities (note 6)	1,288,460	2,955,054
	<u>4,640,836</u>	<u>7,015,430</u>
Property and equipment (note 7)	455,002	499,354
Exploration and evaluation assets (notes 8 and 15)	<u>4,129,967</u>	<u>4,062,801</u>
	<u>9,225,805</u>	<u>11,577,585</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	8,105	85,874
Loan payable (note 5 and 16)	-	23,953
	<u>8,105</u>	<u>109,827</u>
Shareholders' Equity		
Share capital (note 10)	13,599,079	13,599,079
Reserves (note 10)	191,109	191,109
Deficit	<u>(4,572,488)</u>	<u>(2,322,430)</u>
	<u>9,217,700</u>	<u>11,467,758</u>
	<u>9,225,805</u>	<u>11,577,585</u>
Going concern (note 1)		
Commitments (note 15)		

See accompanying notes to these financial statements.

Approved by the Board of Directors

"Darren R. Blaney"

Director

"Robert N. Edwards"

Director

Stinger Resources Inc.
Interim Statements of Loss and Comprehensive Loss
For the periods ended September 30,

(unaudited – prepared by management)
(expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Expenses				
Advertising and promotion	6,395	6,270	19,185	18,810
Business development and property investigation	22,844	11,573	58,122	26,382
Corporate communications	505	870	1,145	2,630
Depreciation on equipment (note 6)	22,639	20,723	67,405	52,796
Filing and transfer agent fees	10,792	1,160	69,663	41,274
Management fees (note 13)	105,000	78,750	288,750	236,250
Office and administration	14,485	13,228	66,655	47,659
Professional fees	1,700	4,811	6,025	16,061
Stock-based compensation (note 11)	-	-	-	191,109
	<u>(184,360)</u>	<u>(137,385)</u>	<u>(576,950)</u>	<u>(632,971)</u>
Other				
Gain (loss) on sale of investments	(532,190)	(280,100)	(1,666,595)	(1,274,454)
Gain (loss) on disposal of exploration and evaluation assets	(6,513)	-	(6,513)	-
	<u>(723,063)</u>	<u>(417,485)</u>	<u>(2,250,058)</u>	<u>(1,907,425)</u>
Net loss and total comprehensive loss				
	<u>0.01</u>	<u>0.01</u>	<u>0.05</u>	<u>0.06</u>
Basic and diluted loss per common share				
	<u>49,647,743</u>	<u>47,491,326</u>	<u>49,647,743</u>	<u>36,627,828</u>
Basic and diluted weighted average number of common shares outstanding				

See accompanying notes to these financial statements.

Stinger Resources Inc.

Interim Statements of Changes in Equity

For the periods ended September 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	Share capital		Reserve		Equity \$
	Number of shares	Amount \$	Share-based payment reserve \$	Deficit \$	
Balance as at January 1, 2022	49,647,743	13,599,079	191,109	(2,322,430)	11,467,758
Shares issued:					
Net and comprehensive income	-	-	-	(2,250,058)	(2,250,058)
Balance as at September 30, 2022	49,647,743	13,599,079	191,109	(4,572,488)	9,217,700
Balance as at January 1, 2021	1	1	-	-	1
Shares issued:					
Shares issued pursuant to plan of arrangement (note 9)	45,000,388	13,035,224	-	-	13,035,224
Warrant exercise (note 9)	4,636,030	563,287	-	-	563,287
Options exercised (note 9)	11,324	566	-	-	566
Valuation of options granted (note 9)	-	-	191,109	-	191,109
Net and comprehensive income	-	-	-	(1,907,425)	(1,907,425)
Balance as at September 30, 2021	45,537,006	13,599,077	191,109	(1,907,425)	11,882,761

See accompanying notes to these financial statements.

Stinger Resources Inc.

Interim Statements of Cash Flows

For the periods ended September 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Net loss	(2,250,058)	(1,907,425)
Items not affecting cash		
Depreciation on property and equipment	67,405	52,796
Loss on investment value	1,666,595	1,274,454
Loss on disposal of exploration and evaluation asset	6,513	
Stock-based compensation	-	191,109
	(509,545)	(389,066)
Changes in non-cash working capital		
Prepaid expenses and deposits	(456,246)	(9,556)
Receivables	41,811	(57,273)
Accounts payable and accrued liabilities	(77,769)	4,624
	(1,001,749)	(451,271)
Cash used in operating activities	(1,001,749)	(451,271)
Financing activities		
Proceeds from issuance of capital stock	-	5,396,705
Cash provided by financing activities	-	5,396,705
Investing activities		
Expenditures of exploration and evaluation assets	(73,680)	(763,180)
Expenditures on property and equipment	(23,053)	(82,874)
(Payment) receipt of short-term loan	(23,953)	1,810
Cash used in investing activities	(120,686)	(844,244)
(Decrease) increase in cash	(1,122,435)	4,101,190
Cash – beginning	3,014,250	-
Cash – ending	1,891,815	4,101,190

See accompanying notes to these financial statements.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

1 Nature of operations and going concern

Stinger Resources Inc. (the “Company”) was incorporated under the British Columbia Business Corporations Act on September 22, 2020. The Company is engaged in the exploration and development of mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The head office and principal address of the Company is 92 – 2nd Avenue W, Cardston, AB, Canada, T0K 0K0. The Company’s registered address and records office is 1100 – 736 Granville Street, Vancouver, British Columbia, Canada, V6Z 1G3.

The Company’s shares are listed on the TSX Venture Exchange under the ticker symbol “STNG”.

The Company was formed for the primary purpose of completing a Plan of Arrangement with the Company’s former parent company, American Creek Resources Ltd. (“American Creek”) (Note 16).

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The impact on the Company is not currently determinable but management continues to monitor the situation.

Going concern

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. The Company is in the exploration stage and has not generated revenue from operations. The Company generated a net loss of \$2,250,058 during the period ended September 30, 2022 (2021 – \$1,489,940), generated negative cash flows from operating activities of \$1,001,749 (2021 – \$318,441) and, as of that date the Company’s deficit was \$4,572,488 (2021 – \$1,907,425) and working capital was \$4,632,731 (2021 – \$6,905,603). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, management may pursue various financial alternatives to fund the Company’s exploration and development programs, including private placements, property dispositions and settling payables for shares, so it can continue as a going concern. There is no assurance that these initiatives will be successful.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

1 Nature of operations and going concern (continued)

These consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2 Basis of preparation

Statement of compliance

The condensed 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 interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021. The effects of the adoption of new and amended IFRS pronouncements have been disclosed below in these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2021.

These consolidated financial statements were approved for issuance by the Company’s board of directors (“Board”) on November 29, 2022.

These consolidated financial statements have been prepared on a historical cost basis except as disclosed in the significant accounting policies in note 3. They are presented in Canadian dollars which is the Company’s functional currency.

3 Significant accounting policies

The accounting policies followed in these unaudited financial statements have been applied consistently to all periods presented in these financial statements.

New Standards, Amendments and Interpretations

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company does not expect this standard to impact its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's interim financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed under the Standards, Amendments and Interpretations Not Yet Effective.

4 Prepaid expense and deposits

The prepaid expenses for the Company are comprised of the following:

	2022	2021
	\$	\$
Insurance prepaid	17,797	6,887
Exploration prepaid	1,345,336	900,000
	<u>1,363,133</u>	<u>906,887</u>

5 Receivable

The receivables of the Company are comprised of the following:

	2022	2021
	\$	\$
Goods and service tax receivable	94,928	71,468
Receivable – American Creek Resources Ltd. (note 7, 16)	-	57,271
Loan receivable (note 7)	2,500	10,500
	<u>97,428</u>	<u>139,239</u>

The loan receivable is due by December 1, 2022 and is only subject to interest if payments are delayed.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

6 Marketable securities

On February 25, the Company received 1,400,499 common shares of Tudor Gold Corp (“Tudor Shares”) with a fair value of \$4,453,587 pursuant to the Plan of Arrangement (note 16).

At September 30, 2022, the shares had decreased in value to \$0.92 (2021 - \$2.47) per share to a total fair value of \$1,288,460 (2021 - \$3,459,233) resulting in an unrealized loss of \$1,666,595 (2021 - \$994,354) for the period ended September 30, 2022.

7 Property and equipment

	Computer equipment \$	Exploration equipment \$	Furniture and fixtures \$	Vehicles \$	Land and Buildings \$	Total \$
Cost – December 31, 2020	-	-	-	-	-	-
Additions per Plan of Arrangement (note 16)	14,021	90,306	13,784	198,065	350,000	666,176
Additions	2,091	79,072	-	61,555	-	142,718
Disposal	-	-	-	-	(65,500)	(65,500)
Cost – December 31, 2021	16,112	169,378	13,784	259,620	284,500	743,394
Additions	2,726	20,327	-	-	-	23,053
Disposal	-	-	-	-	-	-
Cost – September 30, 2022	18,838	189,705	13,784	259,620	284,500	766,447
Accumulated depreciation – December 31, 2020	-	-	-	-	-	-
Additions per Plan of Arrangement (note 16)	6,481	72,493	13,784	60,628	16,188	169,574
Additions	2,314	12,264	-	50,250	11,913	76,741
Disposals	-	-	-	-	(2,275)	(2,275)
Accumulated depreciation – December 31, 2021	8,795	84,757	13,784	110,878	25,826	244,040
Additions	2,055	23,307	-	33,466	8,577	67,405
Disposals	-	-	-	-	-	-
Accumulated depreciation – September 30, 2022	10,850	108,064	13,784	144,344	34,403	311,445
Net carrying amounts – December 31, 2021	7,317	84,621	-	148,743	258,674	499,354
September 30, 2022	7,988	81,641	-	115,276	250,099	455,002

On February 25, 2021, the Company completed the Plan of Arrangement with American Creek pursuant to which property and equipment was transferred to the Company (note 16).

During the year ended December 31, 2021, the Company sold land and property with net book value of \$63,225 for \$75,500, resulting in a gain of \$12,275. The Company incurred costs of \$7,729 in relation to the transaction. As at December 31, 2021, the Company had total a receivable of \$57,271 and loan receivable of \$10,500 (note 5).

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

8 Exploration and evaluation assets

As at September 30, 2022, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Gold Hill, B.C., Canada	Dunwell, B.C., Canada	Ample Goldmax, B.C., Canada	Other Properties, B.C. Canada	Total
	\$	\$	\$	\$	\$
Acquisition costs – December 31, 2021	336,100	803,475	217,500	284,513	1,641,588
Additions	-	-	10,000	10,000	20,000
Disposals	-	-	-	(6,513)	(6,513)
Acquisition costs – September 30, 2022	336,100	803,475	227,500	288,000	1,655,075
Exploration costs – December 31, 2021	467,927	1,870,075	53,671	29,539	2,421,212
Additions	-	(2,388)	35,307	20,761	53,680
Exploration costs – September 30, 2022	467,927	1,867,687	88,978	50,300	2,474,892
Total September 30, 2022	804,027	2,671,162	316,478	338,300	4,129,967

As at December 31, 2021, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Gold Hill, B.C., Canada	Dunwell, B.C., Canada	Ample Goldmax, B.C., Canada	Other Properties, B.C. Canada	Total
	\$	\$	\$	\$	\$
Acquisition costs – December 31, 2020	-	-	-	-	-
Additions per Plan of Arrangement (note 16)	336,100	803,475	200,000	239,514	1,579,089
Additions	-	-	17,500	45,000	62,500
Acquisition costs – December 31, 2021	336,100	803,475	217,500	284,513	1,641,588
Exploration costs – December 31, 2020	-	-	-	-	-
Additions per Plan of Arrangement (note 16)	467,927	1,121,659	53,671	29,539	1,672,796
Additions	-	748,416	-	-	748,416
Exploration costs – December 31, 2021	467,927	1,870,075	53,671	29,539	2,421,212
Total December 31, 2021	804,027	2,673,550	271,171	314,053	4,062,801

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

8 Exploration and evaluation assets (continued)

On February 25, 2021, the Company completed the Plan of Arrangement with American Creek in which American Creek transferred Gold Hill, Dunwell, Ample Goldmax, the Glitter King, the Silverside and the D-1 McBride properties to the Company (note 15 and 16).

Gold Hill Property, British Columbia, Canada

The Gold Hill property is located near Fort Steele, British Columbia. The Company owns 100% interest in the property.

The Company incurred exploration costs on the property to date of \$nil in 2021 on the property.

Dunwell Property, British Columbia, Canada

The Dunwell property is located near Stewart, British Columbia. The Company owns 100% interest in the property.

The Company incurred exploration costs on the property to date of \$748,416 in 2021.

Ample Goldmax Property, British Columbia, Canada

The Ample Goldmax property located near Lillooet, British Columbia and is subject to an option agreement to earn 100% interest (note 15). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement.

The Company paid a cash payment under the option agreement of \$10,000 (2021 -\$17,500) and incurred exploration costs on the property to date of \$35,307 (2021 - \$Nil).

Other Properties, British Columbia, Canada

The Silverside Property is located near Clearwater, British Columbia. The Glitter King Property is located on Pitt Island, British Columbia. These properties are under separate option agreements (note 15) to acquire 100% interest subject to a 3% NSR royalty interest that can be purchased for \$500,000 for each 1% interest purchased.

The Company made a cash payment under the option agreement of \$5,000 (2021 - \$22,500) per property and incurred combined exploration costs on the properties of \$20,761 (2021 - \$Nil).

The Company owned 100% of the D-1 McBride Property located near Dease Lake, British Columbia but considered the property impaired in 2022 and expensed exploration and evaluation costs in the amount of \$6,513.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

8 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities for the Company are comprised of the following:

	2022	2021
	\$	\$
Trade payables	8,105	61,874
Accrued liabilities	-	24,000
	<u>8,105</u>	<u>85,874</u>

9 Share capital and reserves

Share capital

a) Authorized

Unlimited number of common shares; and
Unlimited number of preferred shares.

b) Issued and outstanding

Share issuances

During the period ended September 30, 2022, the Company issued nil shares.

During the year ended December 31, 2021, the Company:

- i) Issued 45,000,388 shares with a fair value of \$10,702,074 pursuant to the plan of arrangement (note 16).
 - ii) Issued 4,636,030 common shares with an assigned value of \$2,896,439 from the exercise of warrants. Warrant proceeds were allocated based on the Plan of Arrangement and were issued as a results of American Creek warrants being exercised (note 16).
 - i) Issued 11,324 common shares with a fair value of \$566 from the exercise of stock options.
- c) Stock options and warrants

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

10 Share capital and reserves (continued)

Stock options transactions and the number of stock options outstanding are summarized as follows:

	Number of options	Weighted average exercise price \$
Balance – December 31, 2020	-	-
Options granted per Plan of Arrangement (note 16)	3,782,213	0.05
Options granted	717,000	0.27
Options exercised	(11,324)	0.05
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Balance – December 31, 2021	4,487,889	0.07
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Options expired	(328,396)	0.05
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Balance – September 30, 2022	4,159,493	0.08
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Number of options exercisable	4,159,493	0.08
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The average share price on the date of exercise in 2021 was \$0.24.

The following incentives stock options were outstanding and exercisable as at September 30, 2022:

Expiry Date	Exercise Price \$	Number Outstanding
March 10, 2025	0.05	402,002
April 23, 2025	0.05	54,354
March 2, 2026	0.05	849,300
May 19, 2026	0.05	324,998
November 2, 2026	0.05	215,156
May 29, 2027	0.05	124,564
July 18, 2027	0.05	135,888
February 5, 2028	0.05	67,944
January 18, 2029	0.05	260,452
August 20, 2029	0.05	328,396
September 5, 2029	0.05	317,072
May 24, 2030	0.05	101,915
August 27, 2030	0.05	260,452
March 18, 2031	0.20	717,000
		<hr/>
		4,159,493
		<hr/>
Weighted average remaining contractual life (years)		5.96
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Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

10 Share capital and reserves (continued)

During the period ended September 30, 2022, the Company issued nil options.

During the year ended December 31, 2021, the Company:

- i) Pursuant to the Plan of Arrangement, the number of options granted upon the date of the transaction were 3,782,213. All options were calculated to have a minimum exercise price allowed under TSX Venture policy of \$0.05.
- ii) Granted 717,000 options to directors and officers and consultants at \$0.27 per share expiring on March 18, 2031. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.27. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$191,109 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk-free interest rate of 1.55%, and a term of 10 years.

- ii) On November 9, 2021, the Company announced the repricing of previously issued common share purchase options under the Company's option incentive plan. A total of 717,000 common share purchase options were repriced from the original issue price of \$0.27 to the market price on the announcement date of \$0.195 per common share. The repricing of the options did not result in an incremental increase in the fair value of the options. Consequently, no additional compensation was recorded.
- d) Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price \$
Balance – December 31, 2020	-	-
Granted per Plan of Arrangement (note 16)	4,636,030	0.07
Exercised	(4,636,030)	0.07
Balance – December 31, 2021	-	-
Balance – September 30, 2022	-	-

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

10 Share capital and reserves (continued)

Reserves

The share-based payment reserve includes stock-based compensation expense related to fair value of stock options granted and also the fair value of warrants issued for services.

The warrant reserve includes the relative fair value of attachable warrants issued as a part of units in conjunction with private placements of common shares. The gross proceeds of private placements is allocated between share capital and the warrant reserve using the relative fair value method which allocates a pro-rata amount based on the fair value of the common shares and the warrants issued.

10 Related party transactions

During period ended September 30, 2022, the Company incurred the following related party transactions:

- a) Incurred management fees in the amount of \$165,000 (2021 - \$135,000) to companies controlled by the Company's Chief Executive Officer.
- b) Incurred management fees in the amount of \$123,750 (2021 - \$101,250) to companies controlled by the Company's Chief Financial Officer.

For the period ended September 30, 2022, the total remuneration of key management personnel was \$288,750 (2021 - \$236,250) of management fees and \$nil (2021 - \$139,933) of stock-based compensation.

11 Financial Instruments

Fair value

IFRS 9 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

12 Financial Instruments (continued)

As at September 30, 2022, the Company's financial instruments are comprised of cash, marketable securities, receivables, accounts payable and loan payable. The carrying value of cash, marketable securities, accounts payable and loan payable approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and receivables.

The Company's cash is held by a Canadian chartered bank which is a high-credit quality financial institution. The Company's receivables primarily consist of harmonized sales tax rebates due from the Government of Canada. The Company believes credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of \$1,891,815 and short-term receivables of \$97,428 to settle current liabilities of \$8,105. The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. All the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See note 1 for further discussion on going concern and its impact on liquidity. The Company believes liquidity risk to be moderate.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

The Company's current policy is to hold deposits in highly rated banking institutions. Interest on short and long-term debt arrangements are fixed and are specifically disclosed. Interest earned is negligible and therefore interest rate risk is low.

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

12 Financial Instruments (continued)

Foreign currency rate risk

The Company is domiciled in Canada and its capital is raised in Canadian dollars and does not conduct regular business in any foreign country. Therefore, foreign currency rate risk is considered low.

13 Capital management

The Company's working capital as at September 30, 2022 was \$4,632,731 (2021 – \$6,905,603). The Company's capital management objectives, policies and processes have not been changed over the periods presented. The Company is not subject to any externally imposed capital requirements.

The Company manages its cash and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities or further discussed in note 1 going concern. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

14 Segmented information

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada.

15 Commitments

Mineral Property Acquisitions

The Company acquired the Ample Goldmax Property, the Glitter King Property and the Silverside Property subject to option agreements pursuant to the Plan of Arrangement and assumed the obligations under those agreements (note 16). The agreements were in default however amended terms were agreed to and are as follows:

Stinger Resources Inc.

Notes to Financial Statements

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15 Commitments (continued)

Ample Goldmax Property

Year 1 - \$10,000 cash payment prior to August 5, 2022 and conduct enough exploration work to keep the property claims in good standing until at least August 1, 2023. (completed)

Year 2 - Conduct enough exploration work to keep the property claims in good standing until at least August 1, 2024.

Year 3 - \$30,000 cash payment on or before August 1, 2024.

The optionor will also retain a 25% bulk sample royalty on any net profits the Company receives from the extraction of a bulk sample as well as a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

Glitter King Property

Year 1 - \$5,000 cash payment prior to August 5, 2022 and conduct enough exploration work to keep the property claims in good standing until at least August 1, 2023. (completed)

Year 2 - Conduct enough exploration work to keep the property claims in good standing until at least August 1, 2024.

Year 3 - \$30,000 cash payment on or before August 1, 2024.

The optionor will also retain a 25% bulk sample royalty on any net profits the Company receives from the extraction of a bulk sample as well as a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

Silverside Property

Year 1 - \$5,000 cash payment prior to August 5, 2022 and conduct enough exploration work to keep the property claims in good standing until at least August 1, 2023. (completed)

Year 2 - Conduct enough exploration work to keep the property claims in good standing until at least August 1, 2024.

Year 3 - \$30,000 cash payment on or before August 1, 2024.

The optionor will also retain a 25% bulk sample royalty on any net profits the Company receives from the extraction of a bulk sample as well as a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

All cash payments, share payments and work commitment amounts in each of the agreements may be accelerated at the Company's discretion.

Stinger Resources Inc.

Notes to Financial Statements

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(expressed in Canadian dollars)

16 Plan of Arrangement

On February 25, 2021, a Plan of Arrangement spin out transaction was completed by the Company.

The amended and restated arrangement agreement dated October 2, 2020, entered into between the Company and American Creek, was approved by the shareholders of the Company on December 3, 2020, by a Final Order granted by the Supreme Court of British Columbia on December 7, 2020, in accordance with Part 9 of the Business Corporations Act (British Columbia), and accepted by the TSX Venture Exchange.

The carrying values of the net assets transferred and acquired in consideration for 45,000,389 common shares of the Company pursuant to the Plan of Arrangement consisted of the following:

	\$
Assets Acquired:	
Cash	2,500,000
Exploration and evaluation assets (Dunwell Property, Gold Hill Property, D1 McBride Property and optioned interests in Silverside Property, Ample Goldmax Property, Glitter King Property) (note 8)	3,251,885
Property and Equipment (note 7)	496,602
Marketable securities (1,400,499 common shares Tudor Gold Corp.) (note 8)	<u>4,453,587</u>
Total assets assumed	<u>10,702,074</u>

As part of the Plan of Arrangement, stock options and warrants outstanding in the American Creek are exercisable into 0.11973 common share of the Company and one common share of American Creek. Upon exercise, the Company must issue common shares to the option holders and American Creek must pay 80% of the proceeds calculated based on the exchange ratio of 0.11973. 4,636,030 warrants were exercised in the American Creek subsequent to closing of the Plan of Arrangement and \$2,896,439 of the total proceeds received of \$3,479,727 was allocated to the Company.

Pursuant to the Arrangement Agreement:

- a) American Creek transferred the following assets to the Company in consideration for 45,000,389 common shares of the Company (the "Stinger Shares"):
 - i) the 3 mineral properties commonly referred to as the Dunwell Property, the Gold Hill Property and the D1 McBride Property;
 - ii) optioned interests in the 3 mineral properties commonly referred to as the Silver Side Property, the Ample Goldmax Property and the Glitter King Property;
 - ii) 1,400,499 common shares of Tudor Gold Corp;

Stinger Resources Inc.

Notes to Financial Statements

September 30, 2022 and 2021

(expressed in Canadian dollars)

16 Plan of Arrangement (continued)

- iii) \$2,500,000 cash;
 - iv) the right to receive additional cash in the event previously issued share purchase warrants of American Creek are exercised after the Effective Date;
 - v) the real property located at #92 - 2nd Avenue West, Cardston, Alberta, and all leasehold improvements related thereto and office furniture, computers and other equipment therein; and
 - vi) vehicles, an assortment of exploration equipment.
- b) the existing common shares of American Creek were re-designated as Class A Shares (the "AMK Class A Shares") and American Creek created a new class of common shares known as the "New AMK Common Shares";
 - c) each AMK Class A Share was exchanged for one New AMK Common Share and 0.11973 of one share of the Company;
 - d) the AMK Class A Shares were cancelled;
 - e) all outstanding American Creek warrants were adjusted to allow holders to acquire, upon exercise, one New AMK Common Share and 0.11973 of one share of the Company, such that an aggregate of 4,636,030 shares of the Company may be issued if all outstanding warrants are exercised;
 - f) all holders of the outstanding options of American Creek received 0.11973 of one option of the Company with one whole option entitling the holder therefore to purchase one share of the Company, such that an aggregate of 3,782,213 shares of the Company may be issued if all such options are exercised;
 - g) The Company became a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario; and
 - h) American Creek retained its interests in the Treaty Creek Property and the Austruck-Bonanza Property and approximately \$2 million cash for working capital, and remains listed on the TSXV and continues to trade under the trading symbol "AMK" as a junior exploration company.

Following the plan of arrangement transaction, there were amounts outstanding that were paid and received by American Creek on behalf of the Company. The net amount resulted in a short-term loan receivable amount of \$Nil (2021 – payable \$23,953). This amount has no set payment terms, is unsecured and bears no interest.