

**Storm Exploration Inc.**  
**(formerly Lithoquest Resources Inc.)**

**Condensed Interim Consolidated Financial Statements**

**Nine Months ended December 31, 2022 and 2021**

**(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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

| As at   | December 31,<br>2022 | March 31,<br>2022   |
|---|----------------------|---------------------|
| <b>ASSETS</b>                                     |                      |                     |
| <b>Current Assets</b>                             |                      |                     |
| Cash  | \$ 349,007           | \$ 2,309,295        |
| Sales taxes recoverable                           | 30,951               | 253,063             |
| Prepaid expenses                                  | 59,441               | 112,848             |
| <b>Total current assets</b>                       | <b>439,399</b>       | <b>2,675,206</b>    |
| <b>Total assets</b>                               | <b>\$ 439,399</b>    | <b>\$ 2,675,206</b> |
| <b>LIABILITIES AND EQUITY</b>                     |                      |                     |
| <b>Current Liabilities</b>                        |                      |                     |
| Accounts payable and accrued liabilities (note 7) | \$ 400,821           | \$ 1,080,200        |
| Instalment debt (note 7)                          | 98,098               | -                   |
| Flow-through premium liability (note 4)           | 25,596               | 79,234              |
| <b>Total current liabilities</b>                  | <b>524,515</b>       | <b>1,159,434</b>    |
| <b>Equity</b>                                     |                      |                     |
| Share capital (note 5)                            | 15,722,939           | 15,366,638          |
| Contributed surplus                               | 2,094,940            | 1,764,440           |
| Deficit   | (17,902,995)         | (15,615,306)        |
| <b>Total equity (deficit)</b>                     | <b>(85,116)</b>      | <b>1,515,772</b>    |
| <b>Total liabilities and equity</b>               | <b>\$ 439,399</b>    | <b>\$ 2,675,206</b> |

Nature of the Company and continuance of operations (note 1)

Subsequent events (note 8)

On behalf of the Board of Directors:

"Bruce Counts"

Director

"Lon Shaver"

Director

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

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Condensed Interim Consolidated Statements of Comprehensive Loss

For the nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

|   | Three Months        |                       | Nine Months           |                       |
|---|---------------------|-----------------------|-----------------------|-----------------------|
|   | 2022                | 2021                  | 2022                  | 2021                  |
| <b>Expenses</b>   |                     |                       |                       |                       |
| Care and maintenance  | \$ 6,939            | \$ 9,482              | \$ 23,545             | \$ 50,419             |
| Exploration and evaluation (note 3)                         | 287,649             | 1,051,697             | 1,318,072             | 1,751,476             |
| Management and consulting fees                              | 72,250              | 108,050               | 274,050               | 269,472               |
| Marketing and corporate development                         | 112,411             | 86,982                | 344,775               | 170,726               |
| Office and general  | 17,905              | 14,229                | 47,568                | 51,061                |
| Professional fees   | 1,278               | 18,906                | 49,445                | 72,956                |
| Regulatory and shareholder services                         | 2,627               | 1,192                 | 16,619                | 9,109                 |
| Share-based payments (note 5)                               | -                   | -                     | 330,500               | 256,600               |
| Travel  | 51,229              | 14,827                | 94,884                | 30,348                |
| <b>Loss before other items</b>                              | <b>(552,288)</b>    | <b>(1,305,365)</b>    | <b>(2,499,458)</b>    | <b>(2,662,167)</b>    |
| <b>Other items</b>  |                     |                       |                       |                       |
| Foreign exchange (gain) loss                                | 7,663               | 1,115                 | (677)                 | (8,343)               |
| Gain on settlement of debt (note 7)                         | (147,016)           | -                     | (147,016)             | -                     |
| Interest income   | (3,374)             | (786)                 | (10,438)              | (2,472)               |
| Premium on flow-through shares (note 4)                     | (15,286)            | (4,700)               | (53,638)              | (27,400)              |
| <b>Net loss and comprehensive loss</b>                      | <b>\$ (394,275)</b> | <b>\$ (1,300,994)</b> | <b>\$ (2,287,689)</b> | <b>\$ (2,623,952)</b> |
| <b>Loss per share - basic and diluted</b>                   | <b>\$ (0.00)</b>    | <b>\$ (0.01)</b>      | <b>\$ (0.02)</b>      | <b>\$ (0.03)</b>      |
| <b>Weighted average number of common shares outstanding</b> | <b>124,261,494</b>  | <b>90,834,861</b>     | <b>123,203,881</b>    | <b>82,968,478</b>     |

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

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

|   | Share Capital      |                      | Contributed Surplus | Deficit                | Total Equity        |
|---|--------------------|----------------------|---------------------|------------------------|---------------------|
|   | Number of Shares   | Amount               |                     |                        |                     |
| <b>Balance, March 31, 2021</b>                              | <b>67,161,881</b>  | <b>\$ 9,367,058</b>  | <b>\$ 1,397,140</b> | <b>\$ (11,129,853)</b> | <b>\$ (365,655)</b> |
| Units issued for cash                                       | 18,095,000         | 1,809,500            | -                   | -                      | 1,809,500           |
| Flow-through shares issued for cash                         | 5,480,000          | 685,000              | -                   | -                      | 685,000             |
| Premium liability   | -                  | (27,400)             | -                   | -                      | (27,400)            |
| Issuance costs  | -                  | (168,189)            | 64,800              | -                      | (103,389)           |
| Shares issued for option payment                            | 4,507,093          | 400,000              | -                   | -                      | 400,000             |
| Share-based compensation                                    | -                  | -                    | 256,600             | -                      | 256,600             |
| Comprehensive loss  | -                  | -                    | -                   | (2,623,952)            | (2,623,952)         |
| <b>Balance, December 31, 2021</b>                           | <b>95,243,974</b>  | <b>\$ 12,065,969</b> | <b>\$ 1,718,540</b> | <b>\$ (13,753,805)</b> | <b>\$ 30,704</b>    |
| <b>Balance, March 31, 2022</b>                              | <b>120,839,578</b> | <b>\$ 15,366,638</b> | <b>\$ 1,764,440</b> | <b>\$ (15,615,306)</b> | <b>\$ 1,515,772</b> |
| Shares issued for option payment ( <i>notes 3 &amp; 5</i> ) | 3,421,916          | 359,301              | -                   | -                      | 359,301             |
| Share issuance costs ( <i>note 5</i> )                      | -                  | (3,000)              | -                   | -                      | (3,000)             |
| Share-based payments ( <i>note 5</i> )                      | -                  | -                    | 330,500             | -                      | 330,500             |
| Comprehensive loss  | -                  | -                    | -                   | (2,287,689)            | (2,287,689)         |
| <b>Balance, December 31, 2022</b>                           | <b>124,261,494</b> | <b>\$ 15,722,939</b> | <b>\$ 2,094,940</b> | <b>\$ (17,902,995)</b> | <b>\$ (85,116)</b>  |

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

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

|   | 2022               | 2021              |
|---|--------------------|-------------------|
| <b>Cash flow used in operating activities</b>     |                    |                   |
| Loss for the period                               | \$ (2,287,689)     | \$ (2,623,952)    |
| Item not affecting cash                           |                    |                   |
| Gain on settlement of debt                        | (147,016)          | -                 |
| Share-based payments ( <i>note 5</i> )            | 689,801            | 656,600           |
| Premium on flow-through shares                    | (53,638)           | (27,400)          |
|   | (1,798,542)        | (1,994,752)       |
| Non-cash working capital items ( <i>note 6</i> )  | (158,746)          | (161,002)         |
|   | (1,957,288)        | (2,155,754)       |
| <b>Cash flow from financing activities</b>        |                    |                   |
| Proceeds from the issuance of units               | -                  | 1,809,500         |
| Proceeds from the issuance of flow-through shares | -                  | 685,000           |
| Share issuance costs                              | (3,000)            | (103,389)         |
|   | (3,000)            | 2,391,111         |
| <b>Increase (Decrease) in cash</b>                | <b>(1,960,288)</b> | <b>235,357</b>    |
| <b>Cash, beginning of year</b>                    | <b>2,309,295</b>   | <b>146,050</b>    |
| <b>Cash, end of period</b>                        | <b>\$ 349,007</b>  | <b>\$ 381,407</b> |

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

## **Storm Exploration Inc.**

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

---

### **1. Nature of the Company and Continuance of Operations**

---

Storm Exploration Inc. (formerly Lithoquest Resources Inc.) (“Storm” or the “Company”) was incorporated on February 25, 1986 in Alberta, Canada. In April 2014, it was continued from the jurisdiction of Alberta to British Columbia, Canada. On October 8, 2022 the Company changed its name to Storm Exploration Inc. from Lithoquest Resources Inc.

The Company is engaged in the acquisition and exploration of mineral properties. The Company’s head office is at 1480 - 885 W. Georgia Street, Vancouver, BC V6C 3E8.

The Company has not generated significant revenues or cash flows from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. As at December 31, 2022, the Company had a working capital deficit of \$85,116. The Company has incurred negative cash flows from operations, recorded a loss of \$2,287,689 for the nine months ended December 31, 2022, and has an accumulated deficit of \$17,902,995 as at December 31, 2022.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

### **2. Basis of Presentation**

---

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended March 31, 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended March 31, 2022, unless otherwise stated.

These financial statements were authorized for issue by the Board of Directors of the Company on February 27, 2023.

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

### 3. Exploration and Evaluation Expenses

#### The Miminiska-Fort Hope Greenstone Belt Projects

The following is a summary of accumulated exploration and evaluation expenses:

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Balance, March 31, 2022</b>    | <b>\$ 3,546,236</b> |
| Expenditures                      | 327,284             |
| Option payment                    | 609,301             |
| <b>Balance, December 31, 2022</b> | <b>\$ 4,482,821</b> |

The Miminiska-Fort Hope Greenstone Belt Projects are three district scale gold properties; Miminiska, Keezhik and Attwood, which cover more than 41,000 ha within the traditional territory of the Eabametoong First Nation in northwestern Ontario.

On June 24, 2022, the Company paid the 12-month option payment due under the Option Agreement with Landore Resources Canada Inc. (“Landore”) by paying \$250,000 cash and issuing 3,421,916 common shares at a deemed price of \$0.146117 per share to Landore. The shares were recorded at the fair market value at the time of issuance of \$0.105 per share.

The transaction was accepted by the TSX on June 24, 2021.

On November 30, 2022, Landore and the Company amended the Option Agreement to modify the schedule of remaining option payments. The updated schedule of payments is reflected in the following table.

Table 1 -Option Payments for 100% interest in Miminiska and Keezhik properties

| <b>Payment Date</b>  | <b>Cash</b>        | <b>Convertible Cash</b> |
|--|--------------------|-------------------------|
| On signing of the Option Agreement (paid)                    | \$25,000           | Nil                     |
| July 4, 2021 (paid)  | \$100,000          | Nil                     |
| 6-month payment: December 24, 2021 (paid)                    | \$250,000          | \$400,000               |
| 12-month payment: June 24, 2022 (paid)                       | \$250,000          | \$500,000               |
| 19-month payment: January 24, 2023 (since paid – see note 8) | \$250,000          | \$250,000               |
| 25-month payment: July 24, 2023                              | \$250,000          | \$500,000               |
| 31-month payment: January 24, 2024                           | \$500,000          | \$750,000               |
| <b>Total</b>   | <b>\$1,625,000</b> | <b>\$2,400,000</b>      |

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

### 3. Exploration and Evaluation Expenses - continued

#### Gold Standard Project

The following is a summary of accumulated exploration and evaluation expenses:

|   |           |                |
|---|-----------|----------------|
| <b>Balance, March 31, 2022</b>          | <b>\$</b> | <b>-</b>       |
| Expenditures                            |           | 337,422        |
| Property acquisition and administration |           | 44,065         |
| <b>Balance, December 31, 2022</b>       | <b>\$</b> | <b>381,487</b> |

On April 21, 2022, the Company entered into an Option Agreement with Messrs. Allan Onchulenko and Peter Gehrels (the “Vendors”) to acquire a 100% interest in the 615 ha Gold Standard property (the “Property”) located in northwest Ontario, for a purchase price of \$120,000 payable in a combination of cash and the Company’s common shares. The Company has also staked an additional 252 mineral claims surrounding the Property, bringing the total project area to 5,953 ha.

Under the terms of the Option Agreement, the Company will earn a 100% interest in the Property by making the scheduled payments defined in Table 2 to the Vendors. A convertible cash payment can either be made in cash or common shares of the Company, at the Company’s election. The Vendors will retain a 2% Net Smelter Royalty (“NSR”) on the original 615 ha Property and any claims acquired by the Company within a two-kilometre radius of the perimeter of the Property. Storm can buy back 1% of the NSR by paying the Vendors \$750,000 at any time.

The transaction was accepted by the TSX on May 10, 2022 (the “Effective Date”).

Table 2 - Option Payments for 100% interest in Gold Standard property

| <b>Payment Date</b>                     | <b>Cash</b>     | <b>Convertible Cash</b> |
|---|-----------------|-------------------------|
| On signing of the LOI (paid)            | \$5,000         | Nil                     |
| 10 days after the Effective Date (paid) | \$10,000        | \$15,000                |
| 12 months after the Effective Date      | \$20,000        | \$20,000                |
| 24 months after the Effective Date      | \$25,000        | \$25,000                |
| <b>Total</b>                            | <b>\$60,000</b> | <b>\$60,000</b>         |

#### North Kimberly Diamond Project

The North Kimberly Diamond Project remained on care and maintenance during the period.

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

### 4. Deferred Premium Liability

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is subsequently reduced and recorded in the consolidated statements of comprehensive loss on a pro-rata basis based on the corresponding eligible expenditures that have been incurred when it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities.

During the period, the Company incurred qualifying exploration expenditures totalling \$617,915 and \$53,638 deferred premium liability was recognized as income in the consolidated statements of comprehensive loss. The Company has an obligation to spend a further \$294,752 by December 31, 2023.

### 5. Share Capital

#### Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

#### Issued Shares

On June 24, 2022, the Company issued 3,421,916 common shares at a deemed price of \$0.146117 per share to Landore Resources Canada Inc. in connection with an option payment due under its Option Agreement with Landore. The fair market value of the shares was \$0.105 per share for a total of \$359,301.

The issuance costs, consisting of regulatory fees, were \$3,000.

#### Stock Options

The continuity of share purchase options is as follows:

|                                       | Number of<br>Options | Weighted<br>Average<br>Exercise Price |
|---------------------------------------|----------------------|---------------------------------------|
| <b>Outstanding, March 31, 2022</b>    | <b>8,860,000</b>     | <b>0.19</b>                           |
| Granted (a)                           | 2,450,000            | 0.20                                  |
| Expired                               | (1,775,000)          | 0.27                                  |
| <b>Outstanding, December 31, 2022</b> | <b>9,535,000</b>     | <b>\$ 0.18</b>                        |

- (a) On May 2, 2022, the Company granted 2,450,000 stock options to directors, officers and consultants of the Company. The options vested on grant date and are exercisable at \$0.20 per share for 5 years. The stock options were valued at \$330,500 using the Black-Scholes option-pricing model with the following assumptions: expected life of 5 years, risk-free rate of 2.78%, expected dividend yield of 0%, and expected volatility of 150%. The share price at the time of the grant was \$0.15.

## Storm Exploration Inc.

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

### 5. Share Capital - continued

#### Stock Options - continued

As at December 31, 2022, the following options were outstanding and exercisable:

| <b>Expiry Date</b>                | <b>Remaining Contractual Life (in years)</b> | <b>Number of Options</b> | <b>Exercise Price</b> |
|-----------------------------------|--|--------------------------|-----------------------|
| January 2, 2023                   | 0.0  | 500,000                  | \$ 0.40               |
| April 5, 2023                     | 0.3  | 200,000                  | 0.56                  |
| July 12, 2023                     | 0.5  | 160,000                  | 0.60                  |
| December 17, 2023                 | 1.0  | 800,000                  | 0.16                  |
| July 30, 2025                     | 2.6  | 2,225,000                | 0.10                  |
| September 30, 2025                | 2.8  | 600,000                  | 0.10                  |
| July 9, 2026                      | 3.5  | 2,500,000                | 0.15                  |
| July 28, 2026                     | 3.6  | 100,000                  | 0.15                  |
| May 2, 2027                       | 4.3  | 2,450,000                | 0.20                  |
| <b>Balance, December 31, 2022</b> |  | <b>9,535,000</b>         |                       |

During the period the Company recognized \$330,500 (2021 - \$256,600) in share-based payments. As of December 31, 2022, all options issued under the Plan were fully vested.

#### Warrants

There were no changes during the period in share purchase warrants outstanding.

### 6. Additional Cash Flow Information

The net change in non-cash working capital consists of the following:

|  | <b>December 31, 2022</b> | December 31, 2021   |
|--|--------------------------|---------------------|
| Sales taxes recoverable                  | \$ 222,112               | \$ (117,466)        |
| Prepaid expenses                         | 53,407                   | (7,433)             |
| Accounts payable and accrued liabilities | (532,363)                | (36,103)            |
| Instalment debt                          | 98,098                   | -                   |
|  | <b>\$ (158,746)</b>      | <b>\$ (161,002)</b> |

## **Storm Exploration Inc.**

(formerly Lithoquest Resources Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

---

### **7. Stamp Duty**

---

The Company has carried an amount of AUD\$268,000 in Accounts payable and accrued liabilities as an accounting provision for stamp duty payable. This provision was recorded at the time of the reverse take-over transaction which transferred indirect ownership of the North Kimberley tenements to the Company. Stamp duty in Western Australia is payable by the purchaser on the transfer of property, including mining tenements, and is applied at the rate of 5.15% where the value of the property exceeds AUD\$2,000,000.

During the period, the Company submitted a proposal to the Government of Western Australia, Office of State Revenue ("OSR"), for resolution of ongoing disagreements on the valuation of the property transaction. This resulted in the OSR issuing a revised Duties Assessment Notice on December 5, 2022, in the amount of AUD\$106,675, which was accepted by the Company.

As a result, the Company has reflected a Gain on settlement of debt in the amount of \$147,016 (AUD\$161,325) and has made arrangements with the OSR to pay the outstanding amount in bi-weekly instalment payments over the period to July 13, 2023 with interest payable at 8.2% per annum.

### **8. Subsequent Events**

---

#### **Share Consolidation**

Effective January 19, 2023 (the "Effective Date") the common shares of the Company (the "Common Shares") were consolidated on the basis of one (1) post-consolidated Common Share issued for every four (4) pre-consolidated Common Shares (the "Consolidation") outstanding. As a result of the Consolidation, on the Effective Date, a total of 31,065,391 Common Shares were issued and outstanding.

The exercise or conversion price and the number of Common Shares issuable under the Company's outstanding options and warrants were also proportionately adjusted.

#### **Private Placement Financing**

On January 24, 2023 (post-consolidation), the Company closed a non-brokered private placement and issued 8,343,836 units (the "Units") at a price of \$0.12 per Unit, for aggregate gross proceeds of \$1,001,260. Each Unit consists of one common share of the Company and one-half warrant (a "Warrant") each whole Warrant entitling the holder thereof to acquire an additional common share (the "Warrant Share") of the Company at an exercise price of \$0.18 per Warrant Share for a period of 24 months from the date of issuance.

In connection with the closing of the Offering, the Company paid aggregate cash finders' fees of \$32,467 and issued to the finders share purchase warrants entitling the purchase of an aggregate 255,000 common shares, on the same terms as the Warrants.

#### **Shares Issued for Option Payment**

On January 24, 2023 (post-consolidation), the Company completed the nineteen-month option payment in connection with its Option Agreement with Landore Resources Canada Inc. ("Landore"). The payment consisted of \$251,824 cash and the issuance of 2,175,839 common shares at a deemed price of \$0.11406 per share to Landore.