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**S2 MINERALS INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2023**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of S2 Minerals Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

**S2 Minerals Inc.**  
**Condensed Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	As at February 28, 2023	As at May 31, 2022
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 1,200,371	\$ 1,814,481
Short-term investments	10,000	10,000
Amounts receivable (note 3)	5,001	8,742
Prepays	16,242	4,563
<b>Total current assets</b>	<b>1,231,614</b>	<b>1,837,786</b>
<i>Non-Current</i>		
Fixed assets (note 4)	210,937	-
<b>Total non-current assets</b>	<b>210,937</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 1,442,551</b>	<b>\$ 1,837,786</b>
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 170,506	\$ 84,762
Due to related party (note 8)	142,527	142,527
<b>Total current liabilities</b>	<b>313,033</b>	<b>227,289</b>
<b>Total liabilities</b>	<b>313,033</b>	<b>227,289</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 5)	3,706,418	3,701,668
Contributed surplus (note 5(c))	16,562	12,314
Warrants (note 5(d))	227,029	227,029
Deficit	(2,820,491)	(2,330,514)
<b>Total shareholders' equity</b>	<b>1,129,518</b>	<b>1,610,497</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,442,551</b>	<b>\$ 1,837,786</b>

Nature of Operations (note 1)  
Subsequent event (note 11)

Approved on behalf of the Board:

"Harvey L.A. Yesno"  
**Director**

"Daniel Noone"  
**Director**

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

**S2 Minerals Inc.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>February 28,</b>		<b>February 28,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Operating expenses</b>				
Exploration and evaluation (note 10)	\$ 128,671	\$ 109,883	\$ 199,126	\$ 109,883
Professional fees	72,660	28,204	165,773	106,308
Reporting issuer costs	10,841	5,243	34,892	36,047
Office and administrative	9,977	9,318	30,829	20,651
Salaries and related costs	12,924	34,211	46,628	34,211
Stock-based compensation (note 5(c))	699	3,855	4,248	8,397
Travel and accommodation	1,604	3,025	7,860	3,025
Foreign exchange loss	185	124	621	451
<b>Comprehensive loss for the period</b>	<b>\$ (237,561)</b>	<b>\$ (193,863)</b>	<b>\$ (489,977)</b>	<b>\$ (318,973)</b>
<b>Net loss per share</b>				
- basic and diluted (note 6)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>37,351,443</b>	<b>29,388,047</b>	<b>37,324,851</b>	<b>26,670,239</b>

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**S2 Minerals Inc.**  
**Condensed Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>Nine Months Ended February 28,</b>	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net loss for the period	\$ (489,977)	\$ (318,973)
<i>Adjustments for non-cash items:</i>		
Stock-based compensation (note 5(c))	4,248	8,397
Mineral property payment (note 10)	4,750	-
Depreciation (note 4)	14,063	-
<i>Changes in non-cash working capital items:</i>		
Amounts receivable	3,741	8,666
Prepays	(11,679)	(9,209)
Accounts payable and accrued liabilities	85,744	(83,213)
Due to related party	-	27,329
<b>Net cash used in operating activities</b>	<b>(389,110)</b>	<b>(367,003)</b>
<b>Investing activities</b>		
Purchase of fixed assets	(225,000)	-
Purchase of short-term investments	-	(10,000)
<b>Net cash used in investing activities</b>	<b>(225,000)</b>	<b>(10,000)</b>
<b>Financing activities</b>		
Private placement (note 5(b)(i))	-	1,440,000
Share issue costs	-	(23,391)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>1,416,609</b>
<b>Net change in cash</b>	<b>(614,110)</b>	<b>1,039,606</b>
<b>Cash, beginning of period</b>	<b>1,814,481</b>	<b>1,194,781</b>
<b>Cash, end of period</b>	<b>\$ 1,200,371</b>	<b>\$ 2,234,387</b>

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**S2 Minerals Inc.**  
**Condensed Interim Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
<b>Balance May 31, 2022</b>	<b>37,311,335</b>	<b>\$3,701,668</b>	<b>\$ 12,314</b>	<b>\$ 227,029</b>	<b>\$(2,330,514)</b>	<b>\$ 1,610,497</b>
Mineral property payment (note 10)	50,000	4,750	-	-	-	4,750
Stock-based compensation (note 5(c))	-	-	4,248	-	-	4,248
Net loss for the period	-	-	-	-	(489,977)	(489,977)
<b>Balance, February 28, 2023</b>	<b>37,361,335</b>	<b>\$3,706,418</b>	<b>\$ 16,562</b>	<b>\$ 227,029</b>	<b>\$(2,820,491)</b>	<b>\$ 1,129,518</b>

	Number of Shares	Share Capital	Contributed Surplus	Warrants	Deficit	Total
<b>Balance May 31, 2021</b>	<b>25,311,335</b>	<b>\$2,516,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(1,579,258)</b>	<b>\$ 936,877</b>
Private placement (net of issuance costs) (note 5(b)(i))	12,000,000	1,416,609	-	-	-	1,416,609
Issuance of warrants (note (note 5(b)(i))	-	(227,029)	-	227,029	-	-
Stock-based compensation (note 5(c))	-	-	8,397	-	-	8,397
Net loss for the period	-	-	-	-	(318,973)	(318,973)
<b>Balance, February 28, 2022</b>	<b>37,311,335</b>	<b>\$3,705,715</b>	<b>\$ 8,397</b>	<b>\$ 227,029</b>	<b>\$(1,898,231)</b>	<b>\$ 2,042,910</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

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**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## **1. NATURE OF OPERATIONS**

S2 Minerals Inc. ("S2" or the "Company") was incorporated on November 30, 2020 under the laws of the Province of Ontario, Canada, and its head office is located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, M5H 3L5.

On February 2, 2021, G2 Goldfields Inc. ("G2") entered into an arrangement agreement with S2 pursuant to which G2 agreed to transfer its Sandy Lake properties (the "Sandy Lake Project") to S2 and spin-out all of the shares of S2 through a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the "Arrangement"). The Arrangement was subject to, among other things, approval of the TSX Venture Exchange and court approval, as well as approval by not less than two-thirds of the votes cast at a special meeting of shareholders of G2. As at February 28, 2021, S2 was a wholly owned subsidiary of G2.

The COVID-19 outbreak has been declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. Currently all communication with the First Nations community is remote and strict quarantine protocols make physical work at the site impossible.

The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. The Company continues to operate under these conditions.

## **2. BASIS OF PREPARATION**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the Company's annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. These unaudited condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended May 31, 2022, which include information necessary or useful to understanding the Company's business and financial statement presentation.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended May 31, 2022, except for the adoption of new IFRS standards as set out below.

In preparing these unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The critical judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied and disclosed in the Company's financial statements for the year ended May 31, 2022.

These unaudited condensed interim financial statements were approved by the Board of Directors on April 24, 2023.

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**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
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## **2. BASIS OF PREPARATION (CONTINUED)**

### ***Fixed Assets***

On the initial recognition, fixed assets are valued at cost, being the purchase price and directly attributable costs of acquisition. Fixed assets are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying cost amount and are recognized on the statement of loss and comprehensive loss.

Depreciation is recognized in the statement of loss and comprehensive loss over their estimated useful lives. Equipment is depreciated at a 15% declining balance rate.

### ***Adoption of Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)***

The Company adopted Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) on June 1, 2022. These amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and equipment while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the statement of operations. The amendments did not have any impact on the Company's unaudited condensed interim financial statements upon adoption.

### ***Other Narrow Scope Amendments to IFRSs and IFRS Interpretations***

The Company adopted various amendments to IFRSs, which were effective for accounting periods beginning on or after June 1, 2022. The impact of adoption was not significant to the Company's unaudited condensed interim financial statements.

### ***New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective***

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after May 31, 2023. Management is still evaluating and does not expect any such pronouncements to have a significant impact on the Company's unaudited condensed interim financial statements upon adoption.

## **3. AMOUNTS RECEIVABLE**

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	<b>As at February 28, 2023</b>	<b>As at May 31, 2022</b>
Sales tax recoverable	<b>\$ 5,001</b>	<b>\$ 8,742</b>
<b>Total</b>	<b>\$ 5,001</b>	<b>\$ 8,742</b>

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**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
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**4. FIXED ASSETS**

<b>Cost</b>	<b>Equipment</b>
<b>Balance, May 31, 2022</b>	<b>\$ -</b>
<b>Additions</b>	<b>225,000</b>
<b>Balance, February 28, 2023</b>	<b>\$ 225,000</b>
<b>Accumulated Depreciation</b>	<b>Equipment</b>
<b>Balance, May 31, 2022</b>	<b>\$ -</b>
Depreciation	14,063
<b>Balance, February 28, 2023</b>	<b>\$ 14,063</b>
<b>Carrying amounts</b>	<b>Equipment</b>
<b>Balance, May 31, 2022</b>	<b>\$ -</b>
<b>Balance, February 28, 2023</b>	<b>\$ 210,937</b>

**5. SHARE CAPITAL**

**a) Authorized share capital**

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

**b) Common shares issued**

	<b>Number of Shares</b>	<b>Share Capital</b>
<b>Balance, May 31, 2021</b>	<b>25,311,335</b>	<b>\$ 2,516,135</b>
Private Placement (i)	12,000,000	1,440,000
Share issue costs	-	(23,391)
Warrant valuation (i)	-	(227,029)
<b>Balance, February 28, 2022</b>	<b>37,311,335</b>	<b>\$ 3,705,715</b>
	<b>Number of Shares</b>	<b>Share Capital</b>
<b>Balance, May 31, 2022</b>	<b>37,311,335</b>	<b>\$ 3,701,668</b>
Mineral property payment (note 10)	50,000	4,750
<b>Balance, February 28, 2023</b>	<b>37,361,335</b>	<b>\$ 3,706,418</b>

(i) On January 28, 2022, S2 closed a non-brokered private placement (the "Offering"). In connection with the closing of the Offering (the "Closing"), the Company sold 12,000,000 units (the "Units") at a price of \$0.12 per Unit, for gross proceeds of \$1,440,000. Each Unit consisted of one common share and one-half of a common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder, on exercise, to purchase one common share for a period of two years following the date of the Closing at an exercise price of \$0.25 per common share. A fair value of \$227,029 was estimated for the Warrants using the Black-Scholes pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.25%; expected life of 2 years; share price of \$0.15; and an expected volatility of 72.5% based on the Company's historical trading data. All securities issued are subject to the applicable statutory hold period of four months and one day from the Closing.



**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
**(Expressed in Canadian Dollars)**  
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**5. SHARE CAPITAL (Continued)**

**c) Stock options**

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
<b>Balance, May 31, 2021</b>	-	\$ -
Granted (i)	300,000	0.25
<b>Balance, February 28, 2022</b>	<b>300,000</b>	<b>\$ 0.25</b>

	Number of Options	Weighted Average Exercise Price
<b>Balance, May 31, 2022 and February 28, 2023</b>	<b>300,000</b>	<b>\$ 0.25</b>

(i) On November 23, 2021, the Company granted 300,000 stock options to a director of the Company. Each stock option allows the holder to acquire one common share at an exercise price of \$0.25 for a period of 3 years. The options shall vest as to one-quarter upon the date of grant, one-quarter upon 6 months, 12 months, and 18 months from the grant date, respectively. A grant date fair value of \$16,970 was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions: expected dividend yield of 0%; risk free interest rate of 1.17%; expected life of 3 years; share price of \$0.145; and an expected volatility of 80% based on the Company's historical trading data.

The total value of stock-based compensation expense for the three and nine months ended February 28, 2023 was \$699 and \$4,248, respectively (three and nine months ended February 28, 2022 - \$3,855 and \$8,397, respectively) relating to these granted stock options.

As at February 28, 2023, the following stock options were outstanding:

Number of Options	Exercisable Options	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
300,000	225,000	\$0.25	1.74	November 23, 2024
<b>300,000</b>	<b>225,000</b>	<b>\$0.25</b>	<b>1.74</b>	

**d) Share purchase warrants**

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, May 31, 2021</b>	-	\$ -
Granted (note 5(b)(i))	6,000,000	0.25
<b>Balance, February 28, 2022</b>	<b>6,000,000</b>	<b>\$ 0.25</b>

**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
**(Expressed in Canadian Dollars)**  
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**5. SHARE CAPITAL (Continued)**

**d) Share purchase warrants (continued)**

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, May 31, 2022 and February 28, 2023</b>	<b>6,000,000</b>	<b>\$ 0.25</b>

As at February 28, 2023, the following warrants were outstanding:

Black-Scholes Valuation	Number of Warrants	Exercise Price	Expiry Date
\$ 227,029	6,000,000	\$0.25	January 28, 2024
<b>\$ 227,029</b>	<b>6,000,000</b>	<b>\$0.25</b>	

**6. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the three and nine months ended February 28, 2023 was based on the loss attributable to common shares of \$237,561 and \$489,977, respectively (three and nine months ended February 28, 2022 - loss of \$193,863 and \$318,973, respectively) and the weighted average number of common shares outstanding of 37,351,443 and 37,324,851, respectively (February 28, 2022 - 29,388,047 and 26,670,239, respectively). Diluted loss did not include the effect of stock options and warrants for the three and nine months ended February 28, 2023 and February 28, 2022, as they are anti-dilutive.

**7. KEY MANAGEMENT COMPENSATION**

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer ("CFO").

The compensation cost for key management personnel is as follows:

<b>Nine months ended February 28,</b>	<b>2023</b>	<b>2022</b>
Salaries and fees	\$ 44,080	\$ 16,000
Stock-based compensation (note 5(c))	4,248	8,397
	<b>\$ 48,328</b>	<b>\$ 24,397</b>
<b>Three months ended November 30,</b>	<b>2023</b>	<b>2022</b>
Salaries and fees	\$ 12,000	\$ 16,000
Stock-based compensation (note 5(c))	699	3,855
	<b>\$ 12,699</b>	<b>\$ 19,855</b>

(b) During the three and nine months ended February 28, 2023, the Company paid professional fees and disbursements of \$15,000 and \$45,000, respectively (three and nine months ended February 28, 2022 - \$nil) to a director of the Company. These services were incurred in the normal course of operations for First Nation relations and these amounts are included in professional fees. As at February 28, 2023, this director was owed \$nil (May 31, 2022 - \$nil).

**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
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**(Unaudited)**

**8. RELATED PARTY TRANSACTIONS**

As at February 28, 2023, the amount of \$142,527 (May 31, 2022 - \$142,527) is owed to G2, a company with common directors and management with S2, which is unsecured, non-interest bearing, and due on demand. The amount is included in current liabilities.

During the three and nine months ended February 28, 2023, the Company paid professional fees and disbursements totaling \$3,187 and \$23,265, respectively (three and nine months ended February 28, 2022 - \$7,635 and \$22,948, respectively) to Marrelli Support Services Inc., and certain of its affiliates, together known as the "Marrelli Group", for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the CFO of the Company, and (ii) regulatory filing services. The Marrelli Group was owed \$nil (May 31, 2022 - \$nil) and these amounts were included in accounts payable and accrued liabilities.

**9. SEGMENTED INFORMATION**

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts.

**10. EXPLORATION AND EVALUATION**

Activity on the specific projects are outlined below for the periods presented.

**Nine months ended February 28, 2023**

	<b>Sandy Lake Project</b>	<b>Weebigee Joint Venture</b>	<b>Carpenter Project</b>	<b>Total</b>
Additions	\$ 225	\$ 1,680	\$ 183,158	\$ 185,063
Deprecation	-	-	14,063	14,063
	<b>\$ 225</b>	<b>\$ 1,680</b>	<b>\$ 197,221</b>	<b>\$ 199,126</b>

**Three months ended February 28, 2023**

	<b>Sandy Lake Project</b>	<b>Weebigee Joint Venture</b>	<b>Carpenter Project</b>	<b>Total</b>
Additions	\$ 225	\$ 205	\$ 119,803	\$ 120,233
Deprecation	-	-	8,438	8,438
	<b>\$ 225</b>	<b>\$ 205</b>	<b>\$ 128,241</b>	<b>\$ 128,671</b>

The Company is party to an option agreement whereby the Company may acquire up to a 100% interest in certain claims by making cash payments totaling \$950,000 and issuing a total of 200,000 common shares in the Company before December 2025. In order for the Company to exercise the option the consideration is due as follows to the optionor:

- \$100,000 cash payment plus 50,000 common shares in S2 is due by December 2022 (paid)
- \$150,000 cash payment plus 50,000 common shares in S2 is due by December 2023
- \$200,000 cash payment plus 50,000 common shares in S2 is due by December 2024
- \$500,000 cash payment plus 50,000 common shares in S2 is due by December 2025

The Company is also party to various agreements whereby certain mineral claims are subject to a 2% Net Smelter Royalty (NSR).

**S2 Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and Nine Months Ended February 28, 2023**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**10. EXPLORATION AND EVALUATION (Continued)**

**Three and nine months ended February 28, 2022**

	<b>Sandy Lake Project</b>	<b>Weebigee Joint Venture</b>	<b>Carpenter Project</b>	<b>Total</b>
Additions	\$ 17,275	\$ 5,428	\$ 100,828	\$ 123,531
Recovery of costs	-	(13,648)	-	(13,648)
	<b>\$ 17,275</b>	<b>\$ (8,220)</b>	<b>\$ 100,828</b>	<b>\$ 109,883</b>

**11. SUBSEQUENT EVENT**

On April 17, 2023, S2 announced that it has acquired 880 mining claims (the "Property") in the Veekay Lake, Gifford Lake, Opikeigan Lake, Frond Lake, Rich Lake and Reserve Lake areas in Ontario.

The Property was acquired from an insider of the Company pursuant to an assignment agreement dated as of April 14, 2023. The insider had acquired the Property from an arm's length third party for a cash payment of \$300,000 and a 2% net smelter returns royalty (the "Royalty") and agreed that if the Property was assigned to a public company before March 2024, such public company would issue \$50,000 of common shares (the "Shares"). The Company assumed the obligations under the Royalty, paid \$300,000 to the insider and issued 526,315 Shares with a deemed price of \$0.095 per Share.