AVARON MINING CORP.
(Formerly Benz Capital Corp.)

Financial Statements

March 31, 2023 and 2022

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the shareholders of Avaron Mining Corp. (formerly Benz Capital Corp.):

Opinion

We have audited the financial statements of Avaron Mining Corp. (formerly Benz Capital Corp.) (the "Company"), which comprise the statements of financial position as at March 31, 2023, and 2022, and the statements of comprehensive loss, cash flows, and changes in equity for the years ended March 31, 2023, and 2022, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and 2022, and its financial performance and its cash flows for the years then ended 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of March 31, 2023, the Company has no business operations, has not generated any revenues, and has incurred losses of $374,235 since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 for the year ended March 31, 2023. 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. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. 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 these financial statements in accordance with 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.

For 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 auditors 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 Aaron D. Oye.

/s/ Lancaster & David

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
July 31, 2023

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	Note		2023		2022
Operating Costs					
Transaction evaluation costs	6	$	122,607	$	27,567
Listing and filing			15,883		58,632
Office and miscellaneous			14,929		10,357
Professional fees			62,912		10,369
Share-based payments	7		30,020		14,960
Net loss and comprehensive loss			(246,351)		(121,885)
Loss per share - basic and diluted		$	(0.03)	$	(0.02)
Weighted average number of shares outstanding - basic and diluted			9,144,000		6,775,430

See accompanying notes to the financial statements

	Note		March 31, 2023		March 31, 2022
ASSETS					
Current Assets					
Cash		$	375,379	$	497,078
Amounts receivable			-		57,750
Prepaid expenses			14,434		-
Total Assets		$	389,813	$	554,828
LIABILITIES					
Current Liabilities					
Trade and other payables	8	$	76,282	$	24,966
EQUITY					
Share capital	7		619,102		619,102
Equity reserves	7		68,664		38,644
Deficit			(374,235)		(127,884)
Total Equity			313,531		529,862
Total Liabilities and Equity		$	389,813	$	554,828

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 10)

Approved on behalf of the Board

"Miloje Vicentijevic"
Miloje Vicentijevic, President, CEO and Director

"Carlos Escribano"
Carlos Escribano, CFO and Director

See accompanying notes to the financial statements

	Note		2023		2022
Cash Flow from Operating Activities					
Net loss for the year		$	(246,351)	$	(121,885)
Adjustments for non-cash items:					
Share based payments	7		30,020		14,960
Changes in non-cash working capital:					
Sales taxes recoverable			-		100
Amounts receivable	8		57,750		(57,750)
Prepaid expenses			(14,434)		-
Trade and other payables			51,316		9,875
Net cash flows used in operating activities			(121,699)		(154,700)
Cash Flow from Financing Activities					
Net proceeds from common shares issued	7		-		371,777
Net cash flows provided by financing activities			-		371,777
Net change in cash			(121,699)		217,077
Cash, Beginning of Year			497,078		280,001
Cash, End of Year		$	375,379	$	497,078

See accompanying notes to the financial statements

	Note	Common Shares Number	Common Shares Amount	Equity Reserves	Deficit	Total
Balance, March 31, 2021		**4,600,000**	**$ 290,000**	**$ -**	**$ (5,999)**	**$ 284,001**
Shares issued:						
Seed shares	7	100,000	5,000	-	-	5,000
Public offering	7	3,444,000	344,400	-	-	344,400
Private placement	7	1,000,000	100,000	-	-	100,000
Issue costs		-	(120,298)	23,684	-	(96,614)
Share based payments	7	-	-	14,960	-	14,960
Net loss		-	-	-	(121,885)	(121,885)
Balance, March 31, 2022		**9,144,000**	**$ 619,102**	**$ 38,644**	**$ (127,884)**	**$ 529,862**
Share based payments	7	-	-	30,020	-	30,020
Net loss		-	-	-	(246,351)	(246,351)
Balance, March 31, 2023		**9,144,000**	**$ 619,102**	**$ 68,664**	**$ (374,235)**	**$ 313,531**

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Avaron Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 8, 2021. The Company was a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange (the "Exchange") Policy 2.4 until completion of its Qualifying Transaction subsequent to the year ended March 31, 2023. The Company has not commenced commercial operations and has no significant assets. On October 4, 2021, the Company completed an initial public offering and is now listed on the TSX Venture Exchange under the symbol "BCC.P". The Company's registered office is located at 3847 Vance Road, Cultus Lake, BC, Canada, V2R 5A6. Effective July 25, 2023, the Company changed its name from Benz Capital Corp. to Avaron Mining Corp.

As a CPC, the Company's principal business was the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month from its proceeds may be used for general administrative expenses. Where an acquisition or participation (the "Qualifying Transaction") is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval (see Note 10).

As at March 31, 2023, the Company has no business operations, has not generated any revenues, and has incurred losses of $374,235 since inception. Subsequent to the year ended March 31, 2023, the Company successfully completed a Qualifying Transaction by acquiring the sole and exclusive right to purchase an undivided 100% interest in and to certain mineral mining leases in south-central Serbia known collectively as the Tolisnica and Stanca Property (see Note 10). The Company is required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral property. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business. These factors together may raise significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

The Company prepares its annual financial statements (the "Financial Statements") in accordance with International Financial Reporting Standards ("IFRS"). All financial information is reported in the Company's functional and presentation currency, being the Canadian dollar, unless otherwise noted. These Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Financial Statements were approved by the Board of Directors on July 31, 2023.

Significant accounting judgments and estimates

Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical Judgments

Going Concern
The preparation of these Financial Statements requires management to make judgments regarding the going concern assumption for the Company as discussed in Note 1.

Valuation of Share-based Payments
The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting these Financial Statements include:

Deferred Tax Assets & Liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful completion of a Qualifying Transactions and future profitable operations. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Share-based Payments
Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the statement of comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash and cash equivalents includes deposits held with banks that are available on demand.

Financial Instruments

Financial assets and financial liabilities are classified into three categories: Amortized Cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit and Loss (“FVPL”). The classification of financial assets is determined by their context in the Company’s business model and by the characteristics of the financial asset’s contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument’s classification.

The Company’s cash, amounts receivable and trade and other payables are measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has no financial instruments measured at FVPL or FVOCI.

Impairment of financial assets is determined by measuring the assets' expected credit loss ("ECL"). Amounts are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the amounts receivable.

Loss per Share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the “treasury stock method” is used which assumes proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

The Company's common shares, and any future offerings of share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Share-based Payments

The Company applies the fair value method of accounting for stock option awards using the Black-Scholes Option Pricing Model. Under this method, the Company recognizes compensation expense for employee stock option awards, based on the grant date fair value, for each vesting installment, over the vesting period of the options. Each installment is valued separately, based on assumptions determined from historical data, and recognized as compensation expense over each installment's individual tranche vesting period. Forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures and changes in forfeiture estimates in subsequent periods.

In situations where stock option awards are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Related party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Accounting Standards Issued But Not Yet Adopted

The new accounting standards and amendments to existing standards that have been issued and that the Company will be required to adopt in future years are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in Note 1.

Current capital will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction (see Note 10).

5. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, amounts receivable, and trade and other payables. The fair value of the financial instruments approximates their carrying values, unless otherwise noted. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) *Credit risk*

The Company's credit risk is mainly attributable to its liquid financial assets: cash. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Companies maximum exposure to credit risk is $375,379, which is the carrying value of the Company's cash at March 31, 2023.

b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. As at March 31, 2023, the Company is not exposed to any significant interest rate risk.

c) *Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become 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 March 31, 2023, the Company had a cash balance of $375,379 to settle current liabilities of $76,282. Additional funds will be required to identify and evaluate potential qualifying transactions, and fund its potential future operations and commitments.

6. TRANSACTION EVALUATION COSTS

	Years ended	
	March 31, 2023	**March 31, 2022**
Technical consulting services and site evaluation	51,947	9,774
Technical report preparation	38,230	-
Travel and accomodation	32,430	17,793
Total transaction costs	**122,607**	**27,567**

The Company’s transaction evaluation costs relate to efforts to identify and evaluate the acquisition of assets and business, which would represent a Qualifying Transaction for regulatory purposes.

7. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value

Issued:

On October 4, 2021, the Company completed an initial public offering (“IPO”) and issued 3,444,000 common shares at $0.10 per share for gross proceeds of $344,400. The sole agent received a cash commission equal to 10% ($34,440) of the gross proceeds of the IPO, and the Company incurred professional and administration fees of $62,174 in connection with the Offering. In addition, the Company granted to the agent non-transferable options with a fair value of $23,684 to acquire up to an aggregate of 344,400 common shares (the "Agent's Options"). Each Agent's Option is exercisable to acquire one common share at an exercise price of $0.10 per share for a period of 2 years following the date of completing a Qualifying Transaction.

On November 2, 2021, the Company issued 1,000,000 common shares at $0.10 per share for gross proceeds of $100,000 pursuant to a non-brokered private placement (the “Offering”). All of the common shares issued pursuant to the Offering were subject to a four-month hold period which expired on March 2, 2022.

Escrow Shares:

The Company has 3,500,000 common shares subject to an escrow agreement in accordance with the TSX Venture Exchange Policy 2.4. The shares will be released as follows: 25% upon the issuance of notice of final acceptance of a Qualifying Transaction by the TSX Venture Exchange, and the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months. Refer to Note 10(a).

Stock Options:

The Company has adopted an incentive stock option plan (the “Option Plan”) which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of common shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10%

of the common shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and consultants and all other terms and conditions of the options. The Option Plan is subject to regulatory approval.

On June 25, 2021, the Company granted stock options to a technical consultant of the Company exercisable to acquire up to an aggregate of 140,000 common shares. The options are exercisable to acquire one common share at an exercise price of $0.10 per share for a period of 3 years from the date of issuance. The stock options vest at 25% every 6 months commencing on the date of grant.

On October 6, 2021, the Company granted an aggregate of 674,000 stock options to certain of its directors, officers and consultants, at an exercise price of $0.10 per share for a period of 3 years from the date of issuance. The options will vest on the date the Company completes a Qualifying Transaction.

The following table summarizes information about the stock options transactions during the years ended March 31, 2023 and 2022:

	Number of Options		Weighted Average Exercise Price
Balance, March 31, 2021	-	$	-
Stock options granted	814,000		0.10
Balance, March 31, 2022 and 2023	**814,000**	**$**	**0.10**
Exercisable, March 31, 2023	**140,000**	**$**	**0.10**

Stock options outstanding at March 31, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Life (yrs)
140,000	140,000	$	0.10	June 25, 2024	1.24
674,000	-		0.10	October 5, 2024	1.52
814,000	**140,000**	**$**	**0.10**		**1.47**

During the year ended March 31, 2023, the Company recorded share-based payments of $30,020 (2022 - $14,960). The fair value of stock options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	March 31, 2023	March 31, 2022
Weighted average assumptions:		
Risk-free interest rate	4.0%	2.2%
Expected dividend yield	NA	NA
Expected option life (years)	1.5	2.5
Expected stock price volatility	143.3%	90.7%
Expected Qualifying Transaction completion date	June 30, 2023	September 30, 2023

Agents Options:

Pursuant to the IPO on October 4, 2021, the Company granted to the agent non-transferable options with a fair value of $23,684 to acquire up to an aggregate of 344,400 common shares. Each Agent's Option is exercisable to acquire one common share at an exercise price of $0.10 per share for a period of 2 years following the date of completing a Qualifying Transaction. The fair value of Agent's Options issued was estimated using the Black-Scholes Option Pricing Model with the following assumptions: risk-free rate of 0.9%, option life of 4 years, stock price volatility of 100% and qualifying transaction completion date of September 30, 2023.

8. RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended March 31, 2023, share based payments with a fair value of $19,640 (2022: $8,087) was recorded for options belonging to directors of the Company. As at March 31, 2023, a total of $9,612 was due to (2022 - $57,750 was due from) directors and officers of the Company as reimbursement for out of pocket expenses incurred on behalf of the Company. Amounts due to or from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes during the year ended March 31, 2023, and 2022, is as follows:

		2023		2022
Loss before income taxes	$	(246,351)	$	(121,885)
Expected income tax recovery		66,515		32,909
Permanent and other differences		(9,259)		21,466
Unrecognized benefit		(57,256)		(54,375)
Net income tax recovery	$	–	$	–

The significant components of the Company's future income tax assets as at March 31, 2023, and 2022, are as follows:

		2023		2022
Future income tax asset:				
Non-capital losses	$	94,941	$	35,126
Share issuance costs		18,310		20,869
		113,251		55,995
Less: valuation allowance		(113,251)		(55,995)
Net future income tax assets	$	–	$	–

At March 31, 2023, the Corporation has non-capital losses of approximately $351,000 that may be carried forward to offset future taxable income. These losses expire in the years 2041 to 2043.

10. SUBSEQUENT EVENTS

a) On June 23, 2023, the Company completed its qualifying transaction (the "Qualifying Transaction"), as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"), consisting of an option to acquire a 100% interest of Copper Co d.o.o. (the “Vendor”) in certain mineral claims known as the Tolisnica and Stanca Project, located near city of Kraljevo, Republic of Serbia (the “Property”).

   In consideration of the grant of the option to acquire the Property, the Company will pay a total of $125,000 to the Vendor in cash payments per the schedule listed below and made a one-time issuance of warrants to the Vendor to purchase 4,300,000 common shares of the Company at an exercise price of $0.125 per share for a period of 5 years until June 29, 2028.

   The cash payments will be made as follows:

   (a) $25,000 within 5 days of the date on which the Exchange approves the Purchase Agreement (the “Effective Date”) (paid); and
   (b) an additional $100,000 on the 18-month anniversary of the Effective Date.

   Following the exercise of the option to purchase the Property, the Company will also make certain milestone payments to the Vendor per the schedule listed below:

   (a) pay the Vendor $200,000 in cash within 5 business days of the earlier of: (i) the commencement of a scoping study on the Property; or (ii) the 5th anniversary of the Effective Date; and
   (b) grant the Vendor a 0.5% net smelter returns royalty within 5 business days of the commencement of commercial production on the Property.

   Final acceptance of the Qualifying Transaction by the Exchange was received effective June 29, 2023. At this date the Company was classified as a Tier 2 mining issuer pursuant to Exchange policies and was no longer considered a Capital Pool Company. The trading symbol for the Company changed from BCC.P to BCC.

b) Concurrently with completion of the Qualifying Transaction, the Company closed a non-brokered private placement (the “Concurrent Financing”) of units (the “Units”) and issued 4,582,497 common shares at a price of $0.12 per common share and 2,291,248 common share purchase warrants (the Warrants”), for gross proceeds of $549,900 (the “Offering”). Each Warrant entitles the holder to purchase one common share in the capital of the Company (a "Warrant Share") at a price of $0.15 per Warrant Share for a period of 24 months following the closing.

   If during the term of the Warrants, but after the initial four month hold period has expired, the Company's common shares trade at or above a weighted average trading price of $0.25 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the Warrants by giving written notice to Warrant holders that the Warrants will expire 30 days from the date of providing such notice.

   All securities issued pursuant to the Concurrent Financing will be subject to a four-month hold period from the date of issue. The Company did not pay any agent’s commissions or finder’s fees in connection with the Concurrent Financing.

c) On June 26, 2023, the Company entered into an agreement for investor communications services for a fee of $30,000, plus GST. The term of the agreement is subject to the completion of the services of the consultant.

d) On June 26, 2023, the Company entered into an agreement for investor communications services for a fee of $54,000, plus GST. The term of the agreement is subject to the completion of the services of the consultant.

e) On July 1, 2023, the Company entered into an agreement for corporate communications services with a term of 1 year for a fee of $26,400, plus GST.

f) On July 3, 2023, the Company entered into an agreement for business development services with a term of 3 months for an hourly fee of $200 per hour, and a fee of 8% cash and 8% warrants on amounts contributed or paid to the Company by an arm's length third party introduced by the consultant or otherwise. The consultant will also receive an additional 2% fee in addition to broker or banking fees based on arrangements and funding introduced by the consultant.

g) On July 13, 2023, the Company entered into an agreement for investor communications services with a term of 1 year for a fee of $10,000, plus GST.

h) On July 20, 2023, the Company granted an aggregate of 555,000 stock options to certain of its directors, officers and consultants, at an exercise price of $0.10 per common share for a period of 5 years from the date of issuance. The options fully vested and were exercisable on the date of grant.