

Strathmore Plus Energy Corp.

(formerly Rockwealth Resources Corp.)

Financial Statements

Condensed Interim Financial Statements

For the Second Quarter Ended January 31, 2022

(Expressed in Canadian Dollars - Unaudited)

**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 an auditor has not reviewed the financial statements.

The accompanying unaudited interim 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 a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Strathmore Plus Energy Corp.
(formerly Rockwealth Resources Corp.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

	Notes	January 31, 2022	July 31, 2021
		\$	\$
Assets			
Current			
Cash and cash equivalents		691,209	217,753
GST recoverable		23,339	14,565
Prepaid expenses		-	3,327
Note receivable	4	-	-
Total Assets		714,548	235,645
Liabilities and Deficiency			
Current Liabilities			
Accounts payable and accrued liabilities		133,470	95,843
Due to related parties	8	216,475	909,059
Convertible note	5	419,281	-
Total Liabilities		769,226	1,004,902
Deficiency			
Share capital	6	63,146,433	62,121,537
Contributed surplus		533,037	533,037
Equity portion of convertible debt	5	80,719	-
Deficit		(63,814,867)	(63,423,831)
Total Deficiency		(54,678)	(769,257)
Total Liabilities and Deficiency		714,548	235,645

Nature of operations and going concern (Note 1)
Contingencies (Note 10)

Approved and authorized on March 29, 2022 on behalf of the Board:

/s/ Devinder Randhawa
Director

/s/ Ross McElroy
Director

The accompanying notes are integral to these condensed interim financial statements.

Strathmore Plus Energy Corp.

(formerly Rockwealth Resources Corp.)

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars – Unaudited)

		For the three months ended		For the six months ended	
	Note	January 31, 2022	January 31, 2021	January 31, 2022	January 31, 2021
		\$	\$	\$	\$
General and administrative expenses					
Consulting	9	201,236	60,024	264,886	128,350
Legal and professional		22,335	9,463	27,049	36,579
Office and administration		76,784	7,768	99,101	24,824
Loss and comprehensive loss for the period		(300,355)	(77,255)	(391,036)	(189,753)
Basic and diluted net loss per common share		(0.02)	(0.01)	(0.02)	(0.01)
Weighted average number of common shares outstanding		19,054,546	14,858,605	16,956,576	14,858,605

The accompanying notes are integral to these condensed interim financial statements.

Strathmore Plus Energy Corp.

(formerly Rockwealth Resources Corp.)

Condensed Interim Statements of Changes in Deficiency

(Expressed in Canadian dollars except the number of shares - Unaudited)

	Common shares		Equity portion of convertible Debt	Contributed Surplus	Deficit	Total Deficiency
	Outstandin g Shares	Share Capital	\$	\$	\$	\$
Balance, July 31, 2020	14,858,605	62,121,537	-	533,037	(63,065,213)	(410,639)
Loss and comprehensive loss for the period	-	-	-	-	(189,753)	(189,753)
Balance, January 31, 2021	14,858,605	62,121,537	-	533,037	(63,254,966)	(600,392)
Balance, July 31, 2021	14,858,605	62,121,537	-	533,037	(63,423,831)	(769,257)
Private placement	6,893,332	1,034,000	-	-	-	1,034,000
Finders fee – cash	-	(9,104)	-	-	-	(9,104)
Equity portion of convertible debt	-	-	80,719	-	-	80,719
Loss and comprehensive loss for the year	-	-	-	-	(391,036)	(391,036)
Balance, January 31, 2022	21,751,937	63,146,433	80,719	533,037	(63,814,867)	(54,678)

The accompanying notes are integral to these condensed interim financial statements.

Strathmore Plus Energy Corp.
(formerly Rockwealth Resources Corp.)
(Expressed in Canadian dollars - Unaudited)

	For the Six Months Ended	
	January 31, 2022	January 31, 2021
	\$	\$
Operating activities		
Loss for the period	(391,036)	(189,753)
Changes in non-cash working capital items:		4,085
GST recoverable	(8,774)	
Prepaid expenses	3,327	-
Accounts payable and accrued liabilities	37,627	(2,308)
Due to related parties	(692,584)	116,346
Cash used in operating activities	(1,051,440)	(71,630)
Financing activity of		
Proceeds from private placement	1,034,000	-
Finders fee – cash	(9,104)	-
Proceeds from convertible debt	500,000	-
Repayment of note receivable	-	250,000
Cash received (used) in investing activity	1,524,896	250,000
Change in cash	476,456	178,370
Cash, beginning of the period	217,753	91,196
Cash, end of the period	691,209	269,566

The accompanying notes are integral to these condensed interim financial statements.

Strathmore Plus Energy Corp.

(formerly Rockwealth Resources Corp.)

For the Second Quarter Ended January 31, 2022 and 2021

(Expressed in Canadian Dollars - Unaudited)

TSX.V: SUU

1. Nature of Operations and Going Concern

Strathmore Plus Energy Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia. The Company was formerly known as Rockwealth Resources Corp. and completed a name change on December 7, 2021. The principal address and records office are located at 750-1620 Dickson Ave, Kelowna, V1Y 9Y2. The Company’s common shares are listed on the NEX board of the TSX Venture Exchange (“TSX.V”) under the symbol “SUU.H”.

The Company is an exploration stage company and engages principally in the acquisition, exploration and development of resource properties. The Company has yet to determine whether its exploration and evaluation assets contain economically viable ore reserves and there is no guarantee that mineral deposits will be discovered in the future.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty which casts significant doubt about the Company’s ability to continue as a going concern.

At January 31, 2022, the Company had not achieved profitable operations, has an accumulated deficit of \$63,814,867 (2021- \$63,423,831), since inception a working capital deficiency of \$54,678 (2021- \$769,257), and expects to incur further losses in the development of its business. The Company believes that, based on its cash flow forecasts, its ability to reduce certain expenditures, if required, and continued support from certain related parties, it will be able to continue as a going concern for at least the next 12 months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. The March 2020 pandemic outbreak of COVID-19 could have a negative impact on the Company’s ability to raise new capital. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company’s assets and liabilities be restated on a liquidation basis, whereby values and statement of financial position classifications would differ significantly from the going concern basis.

2. Basis of Presentation

Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of March 29, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending July 31, 2022 could result in restatement of these unaudited condensed consolidated interim financial statements.

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2. Basis of Presentation (continued)

Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements. These financial statements have been prepared and presented in Canadian dollars (“CAD”), being the Company’s presentation and functional currency, on a historical cost basis and unless otherwise noted all figures are in CAD.

3. Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents consist of amounts held in banks and redeemable fixed term deposits cashable on demand or that have a term to maturity of three months or less at the time acquired.

b) Mineral Property Interests

i) Exploration and Evaluation

Property option payments, common shares issued, and other costs associated with acquiring the legal rights to explore a specific resource property are capitalized as mineral property interests and classified as intangible exploration and evaluation assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of assaying, community development, consumables and supplies, drilling, geological consulting, scoping and feasibility study, site administration and other costs to maintain legal rights to explore an area.

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Mineral property interests are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the statements of loss and comprehensive loss.

iii) Depreciation

Mineral property acquisition and development costs will be depreciated on a units-of-production method based on the estimated life of the ore reserves once production commences. The Company’s management conducts an annual assessment of the estimated residual values, useful lives, and depreciation methods used for mineral property acquisition and development costs. Any material changes in estimates are applied prospectively.

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3. Significant Accounting Policies (continued)

b) Mineral Property Interests (continued)

iv) Impairment

The carrying value of all categories of mineral property interests and exploration and evaluation assets are reviewed for impairment at each reporting period for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

Value in use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate and expenditures, underlying the fair value estimates are subject to uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as a finance expense.

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3. Significant Accounting Policies (continued)

d) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost net of accumulated amortization and impairment losses. Amortization is recorded on a declining-balance basis at the following annual rates:

Exploration equipment	30%
Assaying equipment	30%
Office furniture and equipment	20%
Computer equipment	33%
Software	33%

e) Site Closure and Reclamation Provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

f) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss for the year except to the extent that it relates to items recognized either in other comprehensive income (loss) or directly in equity, in which case it is recognized in other comprehensive income (loss) or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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3. Significant Accounting Policies (continued)

g) Share Capital and Warrants

The Company records in shareholders' equity proceeds from share issuances net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the agreement to issue shares was concluded. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company allocates the proceeds received upon issue of equity units, consisting of shares and warrants, using a relative fair value method with respect to the measurement of shares and warrants issued. The relative fair values method requires each component to be valued at fair value and an allocation of the net proceeds received based on the pro-rata fair relative values of the components. The fair value of the warrant component is determined using the Black-Scholes option pricing model. When warrants expire unexercised, the pro rata amounts attributed to the warrants are reclassified from reserves to share capital.

h) Loss Per Share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares issued and outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per common share. Diluted and basic loss per share are the same because the effects of potential issuances of shares under options and warrants would be anti-dilutive.

i) Share-based Payments

From time to time, the Company grants options to purchase common shares to directors, officers, employees and non-employees. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. The fair value of the options on the grant date is determined using the Black-Scholes option pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

j) Foreign Currencies Transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in the statements of loss and comprehensive loss.

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3. Significant Accounting Policies (continued)

k) Financial Instruments

Financial Assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (“FVOCI”), or through profit or loss (“FVTPL”); and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company’s note receivable is measured at amortized cost.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (“OCI”), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method. The Company has not designated any financial assets at FVOCI.

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3. Significant Accounting Policies (continued)

k) Financial Instruments (continued)

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises. The Company has classified its cash and cash equivalents at FVTPL.

Financial Liabilities

The Company classifies its financial liabilities into the following categories:

- FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company's accounts payable and due to related parties are measured at amortized cost.

Impairment

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

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3. Significant Accounting Policies (continued)

l) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect of amounts recognized in the financial statements is as follows:

Significant accounting estimates

- the measurement of deferred income tax assets and liabilities; and
- the inputs used in accounting for warrants valuation.

Significant accounting judgments

- the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- the determination of categories of financial assets and financial liabilities;
- the evaluation of the Company's ability to continue as a going concern; and
- the assessment of whether an extinguishment of an existing financial liability involving a creditor that is also a direct or indirect shareholder of the Company, is one in which the creditor is also acting in its capacity as such.

m) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in general and administrative expenses on a straight-line or other systematic basis.

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3. Significant Accounting Policies (continued)

m) Leases (continued)

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, *Impairment of Assets* and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

As at January 31, 2022 and July 31, 2021, the Company did not have any leases.

n) New Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the preceding year ended July 31, 2021, and have not been applied in preparing the financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Note Receivable

On October 24, 2019, in connection with the Transaction described in Note 1, the Company issued a promissory note (the "Note") to Realgold for a principal amount of \$250,000. The Note is due on demand by the Company at any time following (a) 90 days after the termination of the Amalgamation Agreement or (b) completion of the Transaction. As consideration for the Note, Realgold granted security to the Company over all its present and after-acquired corporate assets. On July 9, 2020, the Amalgamation Agreement was terminated by the Company. Commencing on the termination date, interest accrued on the unpaid balance of the principal amount at a rate of 5% per annum. During the year, the note and accrued interest of \$52,329 was repaid to the Company in full.

5. Convertible Note

On January 19, 2022, the Company received a \$500,000 loan from a private company owned by the CEO which closed as a convertible note ("Note") on February 2, 2022. The Note matures on February 2, 2023 and bears an annual interest rate of 6%. The Note is convertible into Units at \$0.30 per Unit with each unit consisting of one common share of the Company and one share purchase warrant exercisable into an additional share for a period of 12 months for an exercise price of \$0.33 per share.

	\$
Face value of the loan	500,000
Discount	(80,719)
Loan value	419,281
Accretion	-
Balance – January 31, 2022	419,281

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6. Share Capital

a) Authorized

Unlimited number of common shares without par value.

b) Issued Share Capital

During the period ended January 31, 2022

On December 6, 2021, the Company closed the non-brokered private placement (the "Private Placement") 6,893,332 Units at a price of \$0.15 per Unit for aggregate gross proceeds of up to \$1,034,00. Each Unit will comprised one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per share for a period of 12 months from the date of issuance.

c) Stock Options and Warrants

i. Options

The Company has a shareholder approved stock option plan which allows the Board of Directors to grant stock options to directors, officers, employees, contractors and consultants. The exercise price of each option is based on the market price of the Company's common stock at the date of grant less any applicable discount. The options can be granted for a maximum term of five years with vesting terms determined by the Board of Directors at the time of any grant.

As at January 31, 2022 and July 31, 2021, the Company has no options issued or outstanding.

ii. Warrants

The continuity of the Company's warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Warrants outstanding, July 31, 2020	5,070,000	0.126
Expired	(5,070,000)	-
Warrants outstanding, July 31, 2021	0	0
Issued	6,893,332	0.20
Warrants outstanding, January 31, 2022*	6,893,332	0.20

*These warrants had a weighted average life remaining of 0.85 years.

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(formerly Rockwealth Resources Corp.)

For the Second Quarter Ended January 31, 2022 and 2021

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6. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the exploration of its mineral properties, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future exploration of mineral property interest. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, and/or acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects.

7. Related Party Transactions and Balance

Unless otherwise noted, amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment. The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties:

Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel.

Key management compensation is as follows:

	For the Second Quarter Ended	
	January 31,	
	2022	2021
Consulting fees	\$ 110,782	\$ 75,000

As at January 31, 2022, included in due to related parties is \$216,475 (2021 – \$909,059) for consulting fees payable to corporations with common directors and executives.

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8. Financial Instruments

a) Fair Value and Classification of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, note receivable, accounts payable and due to related parties. Financial instruments are classified into one of the following categories: FVTPL, FVTOC, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	January 31, 2022	July 31, 2021
Cash and cash equivalents	FVTPL	\$ 691,209	\$ 217,753
Note receivable	Amortized cost	-	-
Accounts payable	Amortized cost	133,470	95,843
Due to related parties	Amortized cost	216,475	909,059
Convertible note	Amortized cost	419,281	-

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents is carried at fair value using a Level 1 fair value measurement. The fair value of accounts payable, due to related parties and note receivable approximates their carrying value due to their short-term maturity.

b) Management of Risks Arising from Financial Instruments

The Company is exposed to various types of market risks including, but not limited to:

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk is associated primarily with its cash, and note receivable. The credit risk is minimized by placing cash with major financial institutions.

(ii) 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. If interest rates decrease, the Company will generate less interest revenue.

(iii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and anticipated exercise of share purchase options and warrants. The Company's cash and cash equivalents is held in business accounts which are available on demand for the Company's programs. Accounts payable and accrued liabilities and amounts due to related parties are due within 12 months of the date on the statements of financial position.

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8. Financial Instruments (continued)

(iv) Foreign Exchange Rate Risk – The Company operates in Canada and is exposed to low foreign exchange risk as the Company does not hold any foreign currency. Foreign exchange risk would arise from purchase transactions as well as financial assets and liabilities denominated in the foreign currency. As at January 31, 2022 and July 31, 2021, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's account payable by approximately \$11,000.

9. Contingencies

During the year, the Company filed a claim against Realgold Resources Corp. ("Realgold") for wrongful termination of the Amalgamation Agreement (Note 1). In response, Realgold filed a counterclaim alleging that the failure to complete the amalgamation transaction was caused by the conduct of the Company. As at January 31, 2022, the litigation is still ongoing and a potential settlement amount is not determinable. No amount in this regard has been recorded in the financial statements.

10. Tax losses

The Company has non-capital losses which may be applied to reduce future taxable income. At July 31, 2021, the most recently completed fiscal and tax year-end, the Company had approximately \$8,697,000 (2020 - \$8,320,000) of non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses expire from 2026 to 2041:

	Total
2026	\$ -
2027	20,000
2028	36,000
2029	69,000
2030	506,000
2031	2,094,000
2032	988,000
2033	1,214,000
2034	579,000
2035	401,000
2036	531,000
2037	401,000
2038	202,000
2039	573,000
2040	718,000
2041	365,000
	\$ 8,697,000