

CAROLINA RUSH CORPORATION
(formerly, Pancontinental Resources Corporation)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022

(unaudited)

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Carolina Rush Corporation, formerly Pancontinental Resources Corporation, (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, Jones & O'Connell LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(unaudited, expressed in Canadian dollars)*

As at	June 30 2023	December 31 2022
ASSETS		
Current		
Cash	\$ 51,797	\$ 264,774
Royalty revenue receivable (note 14)	-	1,928
Sales tax receivable	15,005	10,955
Prepaid expenses and deposits	56,527	42,057
	123,329	319,714
Investment in Voltage Metals Corp. (note 11)	31,746	31,746
	\$ 155,075	\$ 351,460
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 673,803	\$ 359,464
Reclamation provision (note 10)	106,052	108,944
Loans from related parties (note 12)	146,050	-
	925,905	468,408
DEFICIT		
Share capital (note 7)	26,543,560	26,512,217
Warrants (note 8)	1,964,806	2,941,747
Contributed surplus	6,587,654	5,610,713
Deficit	(35,866,850)	(35,181,625)
	(770,830)	(116,948)
	\$ 155,075	\$ 351,460

Nature of operations and going concern (note 1)**Commitments and contingencies (notes 10, 13)****Subsequent events (note 17)***See accompanying notes.*

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Expenses				
Corporate and administrative (notes 9, 12)	\$ 250,364	\$ 235,210	\$ 498,758	\$ 458,176
Exploration and evaluation (note 10)	72,270	538,349	221,712	881,656
Share-based payments (notes 7, 12)	-	10,956	-	21,247
	(322,634)	(784,515)	(720,470)	(1,361,079)
Other income (expenses)				
Gain on debt settlement (note 7)	\$ 25,644	\$ -	\$ 25,644	\$ -
Gain on exchange of Voltage Metals Corp. shares (note 11)	-	-	-	140,476
Unrealized loss on investment in Voltage Metals Corp. (note 11)	-	(152,381)	-	(101,587)
Interest expense (note 12)	(1,330)	(1,000)	(1,330)	(1,000)
Foreign exchange gain (loss)	9,909	(113)	10,931	(1,522)
	34,223	(153,494)	35,245	36,367
Net loss and comprehensive loss	\$ (288,411)	\$ (938,009)	\$ (685,225)	\$ (1,324,712)
Basic and diluted loss per share (note 15)	\$ (0.010)	\$ (0.035)	\$ (0.025)	\$ (0.050)
Weighted average number of common shares outstanding: Basic and diluted *	27,566,627	26,901,423	27,497,589	26,145,441

* Reflects a share consolidation of 1 new share for every 10 old shares, effective March 2, 2023.

See accompanying notes.

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Deficit	Total
	Number*	Amount				
Balance, December 31, 2021	25,379,725	\$ 25,534,536	\$ 2,577,867	\$ 5,483,901	\$ (32,843,733)	\$ 752,571
Units issued by private placements (notes 7, 8)	2,026,500	1,173,417	447,783	-	-	1,621,200
Broker/Finder warrants (notes 7, 8)	-	-	29,674	-	-	29,674
Share issuance costs	-	(210,850)	-	-	-	(210,850)
Exercise of options (note 7)	20,000	26,154	-	(11,654)	-	14,500
Share-based payments (note 7)	-	-	-	21,247	-	21,247
Net loss for the period	-	-	-	-	(1,324,712)	(1,324,712)
Balance, June 30, 2022	27,426,225	26,523,257	3,055,324	5,493,494	(34,168,445)	903,630
Share issuance costs	-	(11,040)	-	-	-	(11,040)
Warrants expired	-	-	(113,577)	113,577	-	-
Share-based payments (note 7)	-	-	-	3,642	-	3,642
Net loss for the period	-	-	-	-	(1,013,180)	(1,013,180)
Balance, December 31, 2022	27,426,225	\$ 26,512,217	\$ 2,941,747	\$ 5,610,713	\$ (35,181,625)	\$ (116,948)
Shares issued for debt (note 7)	189,955	31,343	-	-	-	31,343
Warrants expired	-	-	(976,941)	976,941	-	-
Net loss for the period	-	-	-	-	(685,225)	(685,225)
Balance, June 30, 2023	27,616,180	\$ 26,543,560	\$ 1,964,806	\$ 6,587,654	\$ (35,866,850)	\$ (770,830)

* Reflects a share consolidation of 1 new share for every 10 old shares, effective March 2, 2023.

See accompanying notes.

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Operating activities				
Loss for the period	\$ (288,411)	\$ (938,009)	\$ (685,225)	\$ (1,324,712)
Adjustments to reconcile loss to net cash used:				
Share-based payments	-	10,956	-	21,247
Gain on debt settlement	(25,644)	-	(25,644)	-
Gain on exchange of Voltage Metal shares	-	-	-	(140,476)
Unrealized loss on Voltage Metals investment	-	152,381	-	101,587
Interest expense (note 12)	1,330	-	1,330	-
Unrealized foreign exchange	(9,894)	(4,715)	(4,985)	(2,091)
	(322,619)	(779,387)	(714,524)	(1,344,445)
Net changes in non-cash working capital items				
Amounts and royalty receivable	-	(1,241)	1,928	(15,801)
Sales tax receivable	(2,282)	(15,176)	(4,050)	(15,468)
Prepaid expenses and deposits	25,785	53,880	(15,191)	25,988
Accounts payable and accrued liabilities	194,606	138,732	380,467	(36,313)
	(104,510)	(603,192)	(351,370)	(1,386,039)
Financing activities				
Related party loan advances (note 12)	105,000	100,000	145,866	100,000
Related party loan repayments (note 12)	-	(100,000)	-	(100,000)
Units issued by private placements	-	1,621,200	-	1,621,200
Proceeds from exercise of options	-	-	-	14,500
Share issuance costs	-	(181,176)	-	(181,176)
	105,000	1,440,024	145,866	1,454,524
Net change in cash	490	836,832	(205,504)	68,485
Cash, beginning of period	51,395	148,739	264,774	918,383
Effect of exchange rate changes on cash	(88)	3,845	(7,473)	2,548
Cash, end of period	\$ 51,797	\$ 989,416	\$ 51,797	\$ 989,416
Supplemental disclosure				
Shares issued for debt	\$ 56,987	\$ -	\$ 56,987	\$ -
Loan interest paid	\$ -	\$ 1,000	\$ -	\$ 1,000

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended June 30, 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Carolina Rush Corporation, formerly, Pancontinental Resources Corporation (the “Company”), is a publicly-listed exploration company involved in the business of acquiring, exploring and developing mineral properties. On March 2, 2023, the name of the Company was changed, and the Company consolidated its common shares on the basis of 1 new common share for every 10 old common shares. All share and per share information in the consolidated financial statements, including references to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, and earnings (loss) per share, have been adjusted to reflect the impact of the share consolidation. The Company’s shares are listed on the TSX Venture Exchange under the trading symbol “RUSH” and on the United States OTCQB Venture Market under the trading symbol “PUCCF”. The address of the Company’s registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company’s ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at June 30, 2023, the Company had a working capital deficit of \$802,576 (December 31, 2022 - \$148,694), incurred a loss for the current six-month period of \$685,225 (2022 - \$1,324,712), and, had an accumulated deficit of \$35,866,850 (December 31, 2022 - \$35,181,625). To recapitalize the Company, on August 15, 2023, the Company completed a private placement for gross proceeds of \$2,235,740 (note 17).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, of the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended June 30, 2023

BASIS OF PREPARATION (continued)

These consolidated financial statements for the six-month period ended June 30, 2023, were approved and authorized for issue by the Company's board of directors on August 22, 2023.

Basis of Consolidation and Presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Pancon Resources Carolinas Corp. ("PRC"), a United States company; and, Maya Gold Corporation S.A. de C.V., an inactive Honduras company. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss. These consolidated financial statements are presented in Canadian dollars, which is the Company's and PRC's functional currency.

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in the current year.

These condensed interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2022 annual consolidated financial statements. These consolidated financial statements are not necessarily indicative of the results that may be anticipated for the entire year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- measurement of share-based payments and warrant valuation;
- measurement and impairment of investments;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiary; and,
- choice of accounting policy for exploration and evaluation.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2022, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended June 30, 2023

SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of IAS 1 – Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendment further clarifies that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. On January 1, 2023, the Company adopted IFRS 9, which did not have any effect on the Company's financial statements.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current six-month period. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2023	December 31 2022
Suppliers	\$ 233,035	\$ 112,445
Accrued liabilities	36,308	37,554
Related parties (note 12)	404,460	209,465
	\$ 673,803	\$ 359,464

7. SHARE CAPITAL

Authorized

Unlimited common shares

Unlimited preferred shares

Shares Issued – Private Placements

On April 19, 2022, the Company closed the first tranche of a best efforts brokered private placement for gross proceeds of \$1,245,200 by issuing 1,556,500 units at \$0.80 per unit. On May 13, 2022, the Company closed the second and final tranche of the private placement for additional gross proceeds of \$376,000 by issuing 470,000 units. The Company received total gross proceeds of \$1,621,200 and issued a total of 2,026,500 units. Each unit consists of one common share and one common share purchase warrant. Each unit warrant entitles the holder thereof to purchase one

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended June 30, 2023

SHARE CAPITAL (continued)

additional common share at an exercise price of \$1.40 for a period of 24 months from closing. The fair value of the warrants was estimated at \$447,783 using the relative fair value method. In the event that the daily volume weighted average price (or closing bid price on days when there are no trades) of the common shares of the Company on the TSX Venture Exchange is at least \$2.50 per common share for a minimum of twenty (20) consecutive trading days, the Company may provide written notice to holders of the unit warrants that they are required to exercise the unit warrants within twenty (20) days following the date of delivery of such written notice.

As consideration for the services of the broker, the Company issued 74,670 broker warrants (tranche 1 – 66,195 BWs/tranche 2 – 8,475 BWs), each with an exercise price of \$0.80. Each broker warrant entitles the holder to purchase one broker unit consisting of one common share and one share purchase warrant that entitles the holder to purchase one additional common share at an exercise price of \$1.40 for a period of 24 months from closing. The fair value of the broker warrants was estimated at \$29,674 using the Black-Scholes option pricing model. In addition, the Company paid cash commissions of \$59,736.

Shares Issued – Debt Settlement

On April 24, 2023, the Company issued 189,955 common shares with a fair value of \$0.165 per share to settle trade payables of \$56,987, resulting in a gain of \$25,644.

Shares Issued - Stock Options

During the year ended December 31, 2022, the Company issued 20,000 common shares in connection to the exercise of stock options for proceeds of \$14,500. The fair value of these options was \$11,654, which was transferred from contributed surplus to share capital.

Stock Options

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period that is not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Board of Directors at the time of grant.

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

	Number	Weighted average exercise price
Balance, December 31, 2021	2,028,500	\$1.24
Exercised	(20,000)	0.73
Expired	(110,000)	1.46
Balance, December 31, 2022	1,898,500	\$1.24
Expired	(352,500)	0.77
Balance, June 30, 2023	1,546,000	\$1.34

Share-based payment expense recognized for the current six-month period was \$nil (2022 - \$21,247). The offsetting credit was charged to contributed surplus.

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***(unaudited, expressed in Canadian dollars)***For the six months ended June 30, 2023****SHARE CAPITAL (continued)**

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
January 18, 2024	80,000	0.80	80,000	0.55
August 30, 2024	447,500	1.00	447,500	1.17
January 22, 2025	180,000	0.50	180,000	1.56
August 10, 2025	345,000	1.40	345,000	2.11
October 25, 2025	150,000	2.00	150,000	2.32
June 10, 2026	10,500	2.50	10,500	2.94
December 31, 2026	333,000	2.00	333,000	3.50
	1,546,000	\$1.34	1,546,000	2.02

8. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2021	6,145,955	\$1.24
Issued	2,101,170	1.38
Expired	(188,405)	1.03
Balance, December 31, 2022	8,058,720	\$1.28
Expired	(2,207,550)	1.34
Balance, June 30, 2023	5,851,170	\$1.26

Relative fair value of the warrants issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2022
Dividend yield	Nil
Expected volatility (based on historical prices)	97%
Risk-free rate of return	2.55%
Expected life	2 Years
Share price	\$0.075

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***(unaudited, expressed in Canadian dollars)***For the six months ended June 30, 2023****WARRANTS (continued)**

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
April 19, 2024	1,556,500	\$1.40	0.80	\$ 358,667
April 19, 2024 (i)	66,195	0.80	0.80	27,408
May 13, 2024	470,000	1.40	0.87	89,116
May 13, 2024 (i)	8,475	0.80	0.87	2,266
March 17, 2025	3,750,000	1.20	1.71	1,487,349
	5,851,170	\$1.26	1.39	\$ 1,964,806

- (i) Broker warrants that entitle the holder to purchase one broker unit for each warrant held. Each broker unit consists of one common share and one share purchase warrant that entitles the holder to purchase one additional common share at an exercise price of \$1.40 for a period of 24 months.

9. CORPORATE AND ADMINISTRATIVE

	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Consulting (note 12)	\$ 10,559	\$ 8,400	\$ 19,046	\$ 16,800
Corporate development and promotion	60,269	47,960	136,836	119,767
Filing and transfer agent fees	36,347	39,585	58,461	48,530
Insurance	5,136	4,899	10,276	9,717
Management fees (note 12)	90,435	87,456	181,302	174,435
Office and general	2,435	3,840	8,099	10,310
Professional fees	13,430	15,112	23,100	21,792
Salaries and benefits	28,544	26,858	57,349	53,812
Travel	3,209	1,100	4,289	3,013
	\$ 250,364	\$ 235,210	\$ 498,758	\$ 458,176

CAROLINA RUSH CORPORATION (formerly, Pancontinental Resources Corporation)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended June 30, 2023

10. EXPLORATION AND EVALUATION

Mineral Project	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Brewer, South Carolina, United States	\$ 53,478	\$ 398,161	\$ 157,188	\$ 718,297
Jefferson, South Carolina, United States	873	127,279	1,840	150,450
New Sawyer, North Carolina, United States	1,542	-	43,747	-
Sawyer, North Carolina, United States	9,931	-	9,966	-
Project evaluation, United States	6,446	12,909	8,971	12,909
	\$ 72,270	\$ 538,349	\$ 221,712	\$ 881,656

Brewer Gold Project – South Carolina, United States

The Brewer Gold Project is located in Chesterfield County, South Carolina, United States and encompasses approximately 1,000 acres. In January 2020, the Company in co-operation with Environmental Risk Transfer LLC (ERT), a company providing environmental risk transfer solutions to mitigate environmental liabilities, was awarded the right by the Brewer Gold Receiver LLC (the “Receiver”), the South Carolina Department of Health and Environmental Control (“SC DHEC”) and the U.S. Environmental Protection Agency (“US EPA”), to explore the former Brewer Gold Mine property (“Brewer”), a Superfund site.

On March 1, 2020, the Company and the Receiver executed an exclusive mining lease with the option for the Company to purchase Brewer (the “Brewer Option Agreement”). On July 11, 2022, the Brewer Option Period was amended to provide the Company with the right to extend the Brewer Option Period up to December 31, 2030, as follows:

- (i) To extend the Brewer Option Period to December 31, 2027, the Company shall pay up to a maximum of US \$1.4 million per year for 2025, 2026 and 2027, in quarterly instalments of US \$350,000, to the SC DHEC and the US EPA to cover continuing site management costs.
- (ii) To extend the Brewer Option Period to December 31, 2028, the Company shall:
 - expend at least US \$9 million (June 30, 2023 – expended approximately US \$4.07M) on exploration activities since commencement of the Brewer Option Period; and,
 - pay up to a maximum of US \$1.5 million, in quarterly payments of US \$375,000, to the SC DHEC and the US EPA to cover continuing site management costs.
- (iii) To extend the Brewer Option Period up to December 31, 2029, and to December 31, 2030, respectively, the Company shall:
 - expend at least US \$1.5 million on exploration activities in the immediately prior year; and,
 - pay up to a maximum of US \$1.5 million per year, in quarterly payments of US \$375,000, to the SC DHEC and the US EPA to cover continuing site management costs.

The Company can exercise its option to purchase Brewer at any time during the Option Period. The purchase price for Brewer is comprised of the following two components:

- (i) the cost of environmental remediation and financial assurance for assuming ownership of all past environmental liability at Brewer, which will be an amount based on ERT’s environmental due diligence during the option term; and,

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For the six months ended June 30, 2023

EXPLORATION AND EVALUATION (continued)

- (ii) half of the total past costs incurred by the SC DHEC and the US EPA to clean and manage Brewer since 2000, which costs are to be paid from future mining operations in ten equal annual installments subject to a profit formula to be determined by the parties.

Pursuant to the Brewer Option Agreement the Company retained ERT to conduct environmental due diligence required to determine the Superfund liability at Brewer, at a cost of US \$250,000, which was paid during 2020 and 2021.

The reclamation provision of \$106,052 (December 31, 2022 - \$108,944) represents estimated costs of US \$80,100 to reclaim drill holes from the Company's 2021 drill program at Brewer.

Brewer	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Property costs	\$ -	\$ -	\$ -	\$ 1,899
Assaying	-	1,877	-	53,253
Consulting/Contracting	25,939	51,421	80,150	126,706
Drilling	-	102,272	-	102,272
Equipment and supplies	5,327	15,581	12,014	33,652
Geophysics/Surveys	-	142,682	-	192,415
Reports	-	537	-	1,157
Site costs	21,000	22,292	44,016	48,667
Travel/Transportation	608	5,742	1,984	13,839
Wages and benefits	604	55,757	19,024	144,437
	\$ 53,478	\$ 398,161	\$ 157,188	\$ 718,297

Jefferson Gold Project – South Carolina, United States

The Jefferson Gold Project is in Chesterfield County, South Carolina, United States and is adjacent to the Company's Brewer Gold Project. As at June 30, 2023, Jefferson consisted of nine exploration-stage gold prospective property leases owned by private landowners, encompassing approximately 1,601 acres, at an annual cost of US \$178,970 (note 17). These leases range in expiration from 2024 to 2031. During the current six-month period three leases were relinquished.

The Company has the right to acquire a 100% interest in the leases by purchasing the underlying property. In addition, the Company reserves the right to relinquish the leases at any time. Four of the leases include a production royalty ranging from 1.5% to 3.5%, which is payable to the landowner that owns the property from which minerals are produced.

Jefferson	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Property costs	\$ 67	\$ 126,896	\$ 101	\$ 149,687
Site costs	806	383	1,617	763
Travel/Transportation	-	-	122	-
	\$ 873	\$ 127,279	\$ 1,840	\$ 150,450

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EXPLORATION AND EVALUATION (continued)

New Sawyer Project – North Carolina, United States

On November 11, 2022, the Company entered an exploration lease with the option (the “Option”) for the Company to purchase the 609-acre New Sawyer Gold Project (the “New Sawyer Option Agreement”) from a private landowner (the “Optionor”). New Sawyer is located in Randolph County, North Carolina, United States, lies within the Sawyer-Keystone gold trend and contains the historic New Sawyer gold mine.

The initial term of the New Sawyer Option Agreement is 10 years, effective March 1, 2023. The Company has the right to automatically renew the New Sawyer Option Agreement for an additional 10 years. The lease payment for 2023 is US \$30,000 (paid) and changes to US \$25,000 per year for the following nine years. Upon exercise of the Option, the Company will be required to purchase the New Sawyer property at three times market value excluding any value or potential value for the minerals. The Company retained a Right of First Refusal (ROFR) should the Optionor elect to sell the New Sawyer property during the term of the New Sawyer Option Agreement. The Optionor retained a 1% production royalty and the Company retained the right to purchase up to one-half (0.5%) of the production royalty for US \$2 million.

New Sawyer	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Property costs	\$ -	\$ -	\$ 40,578	\$ -
Consulting/Contracting	1,410	-	2,830	-
Travel/Transportation	132	-	339	-
	\$ 1,542	\$ -	\$ 43,747	\$ -

Sawyer Project – North Carolina, United States

On February 1, 2023, the Company entered into an exploration lease with the option (the “Option”) for the Company to purchase the 135-acre Sawyer Gold Project (the “Sawyer Option Agreement”) from a private landowner (the “Optionor”). Sawyer is located in Randolph County, North Carolina, United States and lies within the Sawyer-Keystone gold trend, approximately five kms southwest of the Company’s New Sawyer Gold Project.

The initial term of the Sawyer Option Agreement is 10 years (the “initial Term”). The Company has the right to automatically renew the Sawyer Option Agreement for an additional 10 years (the “Additional Term”). There are no lease or advance royalty payments required for the first five years of the Initial Term. Advance royalty payments of US \$25,000 per year are required for years six to ten of the Initial Term. Advance royalty payments of US \$50,000 per year are required for the Additional Term, if the Sawyer Option Agreement is renewed. Upon exercise if the Option, the Company will be required to purchase the Sawyer property at three times market value excluding any value or potential value for the minerals. The Company retained a Right of First Refusal (ROFR) should the Optionor elect to sell the Sawyer property during the term of the Sawyer Option Agreement.

The Optionor retained a 2% production royalty (“NSR”) and the Company retained the right to purchase up to one-half (1.0%) of the production royalty for US \$5 million. The advance royalty payments are non-refundable and are to be deducted from future production royalties payable. Upon completion and reclamation of mining activities, the Optionor has the option to repurchase the Sawyer property for US \$1.

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EXPLORATION AND EVALUATION (continued)

Sawyer	Three months ended		Six months ended	
	2023	June 30 2022	2023	June 30 2022
Property costs	\$ -	\$ -	\$ 35	\$ -
Consulting/Contracting	9,589	-	9,589	-
Travel/Transportation	342	-	342	-
	\$ 9,931	\$ -	\$ 9,966	\$ -

11. INVESTMENT IN VOLTAGE METALS

On June 20, 2020, the Company entered into an agreement with Voltage Metals Inc., formerly, Tempus Resources Inc., a private company, pursuant to which Voltage Metals Inc. obtained the right (“Option”) to acquire up to a 100% interest in the Company’s four mineral projects, St. Laurent, Montcalm, Nova and Gambler, located in Ontario, Canada. In December 2021, Voltage Metals Inc. acquired all of the Company’s interest in the projects and completed the exercise of the Option, having:

- (i) Paid an aggregate of \$1,000,000 to the Company; and
- (ii) Issued 1,000,000 common shares (the “Voltage Metal Inc. Shares”) to the Company on March 29, 2021. The initial value placed on the shares was \$50,000.

On March 11, 2022, Mansa Exploration Inc. acquired Voltage Metals Inc. and changed its name to Voltage Metals Corp. (“Voltage Corp.”). The Voltage Metals Inc. Shares were then exchanged for 1,269,841 Voltage Corp. common shares (the “Voltage Corp. Shares”). On March 18, 2022, Voltage Corp. was listed for trading on the Canadian Securities Exchange (“CSE”). The Voltage Corp. Shares are no longer subject to CSE or contractual trading restrictions.

The Company retained the right to purchase from Voltage Corp. a 1% net smelter royalty in the St. Laurent project for \$1 million. On April 12, 2022, a Company director was appointed to Voltage Corp.’s board of directors.

	Number	Amount
Balance, December 31, 2021	1,000,000	\$ 50,000
Gain on exchange of Voltage Metals Inc. shares	269,841	140,476
Loss on change in fair value	-	(101,587)
Balance, June 30, 2022	1,269,841	88,889
Loss on change in fair value	-	(57,143)
Balance, December 31, 2022 and June 30, 2023 (note 17)	1,269,841	\$ 31,746

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12. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended		Six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Consulting (i)	\$ -	\$ 6,000	\$ -	\$ 12,000
Management fees (ii)	90,435	87,456	181,302	174,435
Share-based payments (iii)	-	268	-	1,262
Interest expense (iv)	1,330	1,000	1,330	1,000
	\$ 91,765	\$ 94,724	\$ 182,632	\$ 188,697

- (i) Consulting fees were paid or became payable to a Company controlled by a former Company director.
- (ii) Management fees were paid or became payable to a Company controlled by a Company officer and to a company associated with a Company officer.
- (iii) Share-based payments represents the fair value of stock options granted to Company directors and officers.
- (iv) Interest became payable to a Company director pursuant to a \$70,000 cash loan made in May 2023. For the comparative period, interest was paid to a Company director pursuant to a \$100,000 cash loan made in April 2022, which loan was repaid in May 2022.

Loans from related parties balance of \$146,050 (December 31, 2022 - \$nil) consist of unsecured cash loans provided by Company directors as follows:

- a US \$30,000 loan (CDN \$39,720) made in February 2023, that is non-interest bearing and payable upon the Company completing a private placement;
- a CDN \$35,000 loan made in April 2023, that is non-interest bearing and payable upon the earlier of: the Company completing a private placement of at least \$500,000; and (ii) Oct. 26, 2023; and,
- a CDN \$70,000 loan made in May 2023, that bears interest at \$700 per month and is payable upon the earlier of: (i) closing of a financing of any type of \$500,000 or greater; (ii) a change of control; (iii) a material change in the board of directors; (iv) a change of business; and (v) July 31, 2023 (note 17). Interest accrued as at June 30, 2023 was \$1,330.

Accounts payable and accrued liabilities include \$404,460 (December 31, 2022 - \$209,465) payable to Company directors/officers or companies controlled by or associated with Company directors/officers.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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13. COMMITMENTS AND CONTINGENCIES

The Company has a management services agreement, effective April 1, 2021, with a Company officer that contains the provision of termination and change of control benefits. The agreement provides that in the event that the officer's services are terminated by the Company, other than for cause, or there is a change in control of the Company then the officer is entitled to receive a payment equal to the sum of: two (2) years of consulting fees; any unpaid bonus; plus the average of the bonus paid to the officer over the previous two (2) year period. As a triggering event has not taken place, the contingent payment of US \$440,000 has not been reflected in these consolidated financial statements.

14. GROSS OVERRIDING ROYALTY

On February 8, 2007, the Company formed a joint venture (the "Joint Venture") with Enova Mining Limited, formerly, Crossland Strategic Metals Limited, ("Enova") and subsequently earned a 50% interest in a number of Australian properties prospective for rare earth elements ("REE") and uranium. On November 26, 2015, the Company completed the sale of its entire interest in the Joint Venture to Essential Mining Resources Pty Ltd. ("EMR") and retained a gross overriding royalty ("GOR") of one percent (1%) on sales of production from 100% of the Joint Venture properties ("JV Properties"). During 2017, EMR merged with Enova.

On November 26 of each year, Enova is to pay an advance royalty of AU \$2,311 (2021 - AU \$2,311) to the Company based on the JV Properties retained and their size. To date, the Company has received advanced royalty payments totalling AUS \$93,246. Advance royalty payments are non-refundable; and, are to be deducted from the 1% GOR payable to the Company upon the JV Properties being placed into production.

15. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, the investment in Voltage Metals., accounts payable and accrued liabilities and loans from related parties approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price if one exists.

IFRS 13 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

The Company's fair value assets consists of its investment in Voltage Metals.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management

The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash and the royalty revenue receivable. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and United States banks. Allowances for the royalty revenue receivable are recognized as necessary for potential credit losses.

Currency Risk

The Company operates in Canada and the United States, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has certain corporate and administrative expenditures, exploration and evaluation expenditures and future potential financial commitments (Note 10) denominated in United States dollars. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at June 30, 2023, a 10% change in the United States dollar (USD) would impact the Company's loss by approximately \$48,000 (December 31, 2022 - \$18,000).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company's excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The Company's excess cash is subject to interest rate risk resulting from fluctuations in prime rates.

Liquidity Risk

Liquidity risk management requires maintaining sufficient cash, liquid investments, or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund raising activities.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are to be repaid from private placement proceeds. As at June 30, 2023, the Company had cash of \$51,797 to settle current liabilities of \$925,905. To recapitalize the Company, on August 15, 2023, the Company completed a private placement for gross proceeds of \$2,235,740 (note 17).

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17. SUBSEQUENT EVENTS

- (a) On August 15, 2023, the Company closed a non-brokered and brokered private placement for gross proceeds of \$2,235,740 by issuing 14,904,936 units (each, a "Unit") at \$0.15 per unit. Each Unit consists of one common share and one-half common share purchase warrant (each whole warrant, a "Unit Warrant"). Each Unit Warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.20 for a period of 36 months from the date of closing.

The Company paid cash commissions of \$51,601, through the issuance of 344,006 Units. In addition, the Company issued 573,343 broker warrants. Each broker warrant entitles the holder to purchase one common share at \$0.15 for a period of 24 months from closing.

- (b) In August 2023, the Company repaid cash loans from Company directors of \$105,000 and US \$30,000, plus accrued interest of \$2,800.
- (c) Subsequent to June 30, 2023, the Company relinquished all, but one, of the Jefferson Project leases, reducing the 2023 annual lease payments to US \$13,850 and the project area to approximately 138 acres.
- (d) On July 6, 2003, Voltage Metals Corp. was issued a cease trade order by the Ontario Securities Commission for the failure to file certain financial statements and the accompanying management discussions and analysis.