BRS RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”), consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

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

BRS Resources Ltd.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
As at

		January 31, 2023		October 31, 2022
ASSETS				
Current				
Cash	$	388,129	$	27,807
GST receivable		27,614		25,459
Subscription receivable		25,000		-
Total Assets	$	440,743	$	53,266
LIABILITIES				
Current				
Accounts payable and accrued liabilities (*Note 7*)	$	639,971	$	711,650
Convertible debentures (*Note 8*)		220,247		210,447
Total Liabilities		860,218		922,097
SHAREHOLDERS' DEFICIENCY				
Share capital (*Note 6)*		34,698,018		34,209,418
Reserves		3,097,287		3,073,187
Equity component of debentures (*Note 8*)		5,600		5,600
Deficit		(38,528,863)		(38,464,768)
Accumulated other comprehensive income		308,483		307,732
Total Shareholders' Deficiency		(419,475)		(868,831)
Total Liabilities & Shareholders' Deficiency	$	440,743	$	53,266

Nature and continuance of operations *(Note 1)*

APPROVED ON BEHALF OF THE BOARD:

"Byron Coulthard"
Director

"Steve Moore"
Director

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

BRS Resources Ltd.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended January 31,			
		2023		2022
Expenses				
Consulting fees *(Note 7)*	**$**	**30,000**	$	30,000
Finance costs *(Note 8)*		**9,800**		-
Promotion and marketing *(Note 7)*		**4,000**		-
Legal and accounting *(Note 7)*		**20,217**		25,000
Office and general		**78**		-
Net loss for the period		**(64,095)**		(55,000)
Other comprehensive loss				
Foreign currency translation adjustment		**751**		(995)
COMPREHENSIVE LOSS FOR THE PERIOD	**$**	**(63,344)**	$	(55,995)
Loss per common share – basic and diluted	**$**	**(0.00)**	$	(0.00)
Weighted average number of common shares outstanding		**132,294,877**		130,428,946

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

BRS Resources Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Shares	Amount	Reserves	Equity component of debentures	Deficit	Accumulated other income	Total
Balance, October 31, 2021	**130,428,943**	**$ 34,209,418**	**$ 3,073,187**	**$ -**	**$ (38,219,064)**	**$ 311,246**	**$ (625,213)**
Foreign translation adjustment	-	-	-	-	-	(995)	(995)
Loss for the period	-	-	-	-	(55,000)	-	(55,000)
Balance, January 31, 2022	**130,428,943**	**34,209,418**	**3,073,187**	**-**	**(38,274,064)**	**310,251**	**(681,208)**
Convertible debentures	-	-	-	5,600	-	-	5,600
Foreign translation adjustment	-	-	-	-	-	(2,519)	(2,519)
Loss for the period	-	-	-	-	(190,704)	-	(190,704)
Balance, October 31, 2022	**130,428,943**	**34,209,418**	**3,073,187**	**5,600**	**(38,464,768)**	**307,732**	**(868,831)**
Private placement	5,400,000	540,000	-	-	-	-	540,000
Share issuance costs – cash	-	(27,300)	-	-	-	-	(27,300)
Share issuance costs – broker's warrants	-	(24,100)	24,100	-	-	-	-
Foreign translation adjustment	-	-	-	-	-	751	751
Loss for the period	-	-	-	-	(64,095)	-	(64,095)
Balance, January 31, 2023	**135,828,943**	**$ 34,698,018**	**$ 3,097,287**	**$ 5,600**	**$ (38,528,863)**	**$ 308,483**	**$ (419,475)**

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

BRS Resources Ltd.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	For the three months ended January 31, 2023	2022
Operating activities		
Loss for the period	**$ (64,095)**	$ (55,000)
Finance costs	**9,800**	-
Change in non-cash working capital items:		
GST receivable	**(2,155)**	(2,230)
Accounts payable and accrued liabilities	**(71,679)**	58,225
Cash used in operating activities	**(128,129)**	995
Financing activity		
Issuance of shares	**540,000**	-
Subscriptions receivable	**(25,000)**	-
Share issuance costs	**(27,300)**	-
Cash provided by financing activity	**463,600**	-
Effect of foreign exchange	**751**	(995)
Change in cash during the period	**360,322**	-
Change in cash, beginning of the period	**27,807**	-
Change in cash, end of the period	**$ 388,129**	$ -
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Fair value of brokers warrants issued for finder's fees	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

BRS Resources Ltd. (the "Company"), incorporated in the Province of British Columbia, is a public company listed on the TSX Venture Exchange under the symbol "BRS". The Company is pursuing the acquisition, exploration and evaluation of mineral properties. The address of its registered head office is 308 - 1441 Johnston Road, White Rock B.C., V4B 3Z7.

These condensed interim consolidated financial statements have been prepared using accounting principles applicable to a going concern. The going concern basis assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at January 31, 2023, the Company not yet achieved profitable operations, has net working capital deficiency of $419,475 (October 31, 2022 – $868,831) and an accumulated deficit of $38,528,863 (October 31, 2022 - $38,464,768), all of which indicate the existence of a material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern.

The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise additional financing to fund its operations. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Management plans to continue to pursue equity and debt financing to support operations. Management believes this plan will be sufficient to meet the Company's liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management's plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company's ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time.

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. If the Company is not able to continue as a going concern, the Company may be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements. These differences could be material.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. COVID-19 has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the virus. It is not possible to reliably estimate the length or severity of these developments and their financial impact on these consolidated financial statements. As a result, these conditions could continue to have a significant adverse impact on the Company's financial position and results of operations for future periods.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended October 31, 2022.

The condensed interim consolidated financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2023.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value as determined at each reporting date. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

The accompanying condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Bonanza Resources (Texas), Inc. ("Bonanza Resources"), a Texas corporation.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All significant intercompany transactions and balances have been eliminated.

Functional and presentational currency

These condensed interim consolidated financial statements are presented in Canadian dollars. Items included in the condensed interim consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The functional currency of the parent company is the Canadian dollar, and the functional currency of the Company's subsidiary is the US dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all group entities and for all periods presented.

Cash and cash equivalents

Cash and cash equivalents may include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible into known amounts of cash, with maturities of 90 days or less when acquired. As at January 31, 2023 and 2022, the Company did not have any cash equivalents.

Foreign exchange

Foreign currency transactions are translated into each entity's functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the profit or loss.

At year end, the Company's results are translated into Canadian dollars. The assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and income and expenses are translated at exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognized as a cumulative translation adjustment in other comprehensive income (loss).

Exploration and evaluation assets

All expenditures related to acquisition, exploration and evaluation of mineral properties are capitalized and deferred by property once the legal right to explore the property has been acquired. Costs are capitalized until the project to which the costs relate is sold, abandoned, impaired or placed into production. Exploration costs that are not attributable to a specific property are charged to operations as general exploration expense. Exploration costs incurred prior to the Company acquiring the legal rights to a property are charged to operations as property investigation. During the period ended January 31, 2023, the Company expensed $Nil in costs related to pre-acquisition expenditures.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Basic and diluted loss per share

Basic earnings (loss) per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented. There were no potentially dilutive shares as at January 31, 2023 and 2022.

Share capital

The proceeds from the exercise of stock options, warrants and purchase of shares are recorded as share capital in the amount for which the common share, option or warrant enabled the holder to purchase a share in the Company.

The proceeds from the issuance of units is accounted for using the relative fair value method. Under this method, the value is allocated between common shares and common share purchase warrants on a prorated basis as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

Share-based compensation

The Company uses the fair value method of accounting for all share-based awards to non-employees and employees, including those that are direct awards of stock.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation (continued)

The fair value of options is determined using a Black-Scholes options pricing model. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Convertible debentures

During the period ended January 31, 2023, the Company adopted an accounting policy for convertible debentures. Under the policy, the host debt liability, equity conversion feature and other (when applicable) components of convertible debentures are presented separately on the consolidated statement of financial position, at initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows.

The liability component is then increased by accretion of the discounted amounts to reach the face value of the convertible debentures at maturity which is recorded in profit or loss as accretion expense.

The carrying amount of other components (when applicable), such as warrants, is determined using the Black-Scholes option pricing model. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible debentures and is presented in equity as an equity component of convertible debentures.

The transaction costs are allocated between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

Income taxes

The Company follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized, or the liability is settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of loss and comprehensive loss, as appropriate, in the period that includes the substantive enactment date. Deferred tax assets are recognized only to the extent that it is probable that the assets can be recovered.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets / liabilities	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Measurement

Financial assets and liabilities carried at amortized cost are initially recognized at fair value, plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed through profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Selected investments in equity instruments at FVTOCI are initially recorded at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss). The Company does not hold any financial assets classified as FVTOCI.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical judgments, estimates, and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Specific amounts and disclosures affected by estimates and assumptions are:

Estimates

(i) The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between the accounting and tax base of assets and liabilities;

(ii) Management estimates the discount rate used to evaluate the present value of convertible debentures. The discount rate was determined by comparing debt issuances in similar companies, historical experience of the Company and by assessing macro-economic factors present in the market.

Judgments

(i) The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

(ii) Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of the new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's condensed interim consolidated financial statements.

4. FINANCIALS INSTRUMENTS AND FINANCIAL RISKS

Fair value

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and convertible debentures. The Company's cash is classified at FVTPL and its accounts payable and accrued liabilities and convertible debentures are carried at amortized cost.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at January 31, 2023 and 2022, the Company believes that the carrying values of its accounts payable and accrued liabilities and convertible debentures approximate their fair values because of their nature and relatively short maturity dates or durations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as fair value through profit or loss, and cause fluctuations in the fair value of future cash flows for assets or liabilities measured at fair value. Currently, the Company is not exposed to significant market risk, other than potential interest rate hikes which may impact the discount rates used to present value convertible debentures.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The carrying value of this financial asset represents the Company's maximum exposure to credit risk. The Company manages its credit risk by maintaining its cash in a federally regulated financial institution in Canada.

4. FINANCIALS INSTRUMENTS AND FINANCIAL RISKS (continued)

Foreign Exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. A significant change in the currency exchange rates between the US dollar and the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. However, because most of the Company's financial instruments are denominated in Canadian dollars, the Company does not believe it is subject to any significant foreign exchange risk at this time.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of its accounts payable and accrued liabilities and convertible debentures. As at January 31, 2023, the Company had a working capital deficiency of $419,475 (October 31, 2022 – $868,831).

The Company will manage its liquidity risk, by gaining access to funding at market rates through equity and debt markets once it lifts its cease trade order. In the future, the Company may issue new shares, adjust its debt levels or mix between short-term and long-term borrowings.

5. CAPITAL MANAGEMENT

The Company defines the capital that it manages as its working capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, optimize returns for its owners and to minimize its cost of capital. In meeting its objectives of managing capital, the Company may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

6. SHARE CAPITAL

Common Shares

The Company has authorized unlimited number of common shares without par value. The following shares have been issued:

	January 31, 2023		October 31, 2022	
	Number	**Amount**	**Number**	**Amount**
Balance	135,828,943	$34,698,018	130,428,943	$ 34,209,418

6. SHARE CAPITAL (continued)

During the three months ended January 31, 2023, the Company:

i) completed a flow-through non-brokered private placement by issuing 2,000,000 flow-through units at a price of $0.10 per flow-through unit for gross proceeds $200,000. Each flow-through unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.10 per common share for a period of three years following the closing of the offering.

   The Company paid $14,000 and issued 140,000 finders' warrants (valued at $12,400). The finders' warrants have the same terms and conditions as the flow-through warrants in the offering.

ii) completed the first tranche of a non-flow-through non-brokered private placement by issuing 2,900,000 units at a price of $0.10 per unit for gross proceeds of $290,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.10 per common share for a period of three years following the closing of the offering.

   The Company paid $13,300 and issued 133,000 finders' warrants (valued at $11,700). The finders' warrants have the same terms and conditions as the non-flow-through warrants in the offering.

iii) completed the second tranche the non-flow-through non-brokered private placement by issuing 500,000 units at a price of $0.10 per unit for gross proceeds of $50,000. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of $0.10 per common share for a period of three years following the closing of the offering.

   The Company did not pay any finders' fees in connection with the concurrent offering.

Stock options

The Company has established a stock option plan for directors, senior officers, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the discounted market price policies of the TSX Venture Exchange.

The maximum number of shares which may be issued pursuant to options granted under the plan shall be no greater than 10% of the Company's outstanding common shares or such additional amount as may be approved from time to time by the shareholders of the Company. The maximum number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company.

No options were granted or outstanding during the three months ended January 31, 2023 and 2022.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

Warrants

On December 30, 2022, the Company granted 140,000 broker's warrants exercisable at a price of $0.10 until December 30, 2025. The estimated fair value of the warrants was $12,400 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 177%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 3.82%.

On December 30, 2022, the Company granted 270,000 broker's warrants exercisable at a price of $0.10 until December 30, 2025. The estimated fair value of the warrants was $11,700 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 177%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 3.82%.

	Number of warrants	Weighted average exercise price
Balance at October 31, 2021 and October 31, 2022	-	$ -
Issued	5,673,000	0.10
Balance at January 31, 2023	5,673,000	$ 0.10

Number of Warrants	Exercise Price	Expiry Date
2,000,000	$0.10	December 30, 2025
2,900,000	$0.10	December 30, 2025
140,000	$0.10	December 30, 2025
133,000	$0.10	December 30, 2025
500,000	$0.10	January 5, 2026
5,673,000		

As at January 31, 2023 the warrants outstanding had a weighted average exercise price of $0.10 and a weighted average life of 2.91 years.

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted:

	January 31, 2023	October 31, 2022
Risk-free interest rate	3.82%	-
Exercise price	$0.10	-
Expected life of warrants	3.00 years	-
Expected annualized volatility	177%	-
Expected dividend rate	-	-

Volatility is determined based on comparable historical financial information.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel was as follows:

	January 31, 2023	January 31, 2022
Consulting fees	$ 30,000	$ 30,000
Accounting fees	6,000	-
Promotion and marketing	4,000	-
	$ 40,000	$ 30,000

As at January 31, 2023, $471,850 (October 31, 2022 - $533,622) was owing to key management personnel or to a company controlled by a director or key management personnel and the amounts were included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

8. CONVERTIBLE DEBENTURES

On June 1, 2022, the Company closed its private placement offering of unsecured convertible debentures, pursuant to which it has issued debentures in the aggregate principal amount of $170,000. At the option of the holder, the debentures will be convertible into units of the Company at price of $0.01 per unit. Each unit will consist of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share at an exercise price of $0.01 for a period of one year from the date of grant.

The debentures bear interest at 8% per annum from the closing, payable upon the earlier of the maturity date or the date of any conversion thereof. The debentures mature on June 1, 2023.

On June 10, 2022, the Company closed its private placement offering of unsecured convertible debentures, pursuant to which it has issued debentures in the aggregate principal amount of $30,000. At the option of the holder, the debentures will be convertible into units of the Company at price of $0.01 per unit. Each unit will consist of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share at an exercise price of $0.01 for a period of one year from the date of grant.

The debentures bear interest at 8% per annum from the closing, payable upon the earlier of the maturity date or the date of any conversion thereof. The debentures mature on June 10, 2023.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES (continued)

There were no finders' fees or transaction fees paid in connection with these debentures.

		Liability		*Equity*		*Total*
Balance October 31, 2021	$	-	$	-	$	-
Issuance of convertible debenture - June 1, 2022		165,240		4,760		170,000
Issuance of convertible debenture – June 10, 2022		29,160		840		30,000
Finance costs		16,047		-		16,047
Balance October 31, 2022		210,447		5,600		216,047
Finance costs		9,800		-		9,800
Balance January 31, 2023	$	220,247	$	5,600	$	225,847