

GENERAL COPPER / GOLD

General Copper Gold Corp.

Financial Statements

(Expressed in Canadian Dollars)

Year Ended

August 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of General Copper Gold Corp.

Opinion

We have audited the financial statements of General Copper Gold Corp. (the "Company") which comprise the statements of financial position as at August 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 16, 2022

General Copper Gold Corp.

Statements of Financial Position

(Expressed in Canadian Dollars)

	August 31, 2022	August 31, 2021
	(\$)	(\$)
ASSETS		
Current assets		
Cash	633,118	130,071
Amounts receivable	80,437	76,017
Prepaid expenses	100,015	1,967
	813,570	208,055
Restricted cash	7,500	7,500
Exploration and evaluation assets (Note 5)	1,699,313	1,761,536
	2,520,383	1,977,091
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	158,721	250,352
Notes payable (Note 7)	2,500	-
	161,221	250,352
Shareholders' equity		
Share capital (Note 8)	12,145,654	10,742,237
Share-based payments reserve (Note 8)	884,160	884,160
Deficit	(10,670,652)	(9,899,658)
	2,359,162	1,726,739
	2,520,383	1,977,091

Nature of operations and going concern (Note 1)

These financial statements were authorized for issue by the Board of Directors on December 16, 2022. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"

Director

"Michael Curtis"

Director

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

General Copper Gold Corp.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended August 31, 2022	Year Ended August 31, 2021
	(\$)	(\$)
EXPENSES		
Consulting fees	64,000	76,000
Geological consulting	-	30,750
Interest expense (Note 7)	-	5,087
Investor relations and marketing	22,368	43,818
Management fees (Note 9)	120,000	55,000
Office and miscellaneous	23,642	10,982
Professional fees	35,947	55,445
Rent	72,000	72,000
Share-based compensation (Note 8)	-	884,160
Transfer agent and filing fees	39,426	46,296
Travel	21,902	7,709
Loss from operations	(399,285)	(1,287,247)
Gain on settlement of debt (Note 7)	-	11,173
Impairment of mineral property (Note 5)	(371,709)	-
Write-off of amounts receivable	-	(34,740)
Loss and comprehensive loss	(770,994)	(1,310,814)
Basic and diluted loss per common share	(0.02)	(0.05)
Weighted average common shares outstanding	42,745,872	26,627,490

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

General Copper Gold Corp.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Shares	Amount (\$)	Share-based Payments Reserve (\$)	Deficit (\$)	Total (\$)
Balance at August 31, 2020	9,805,793	8,157,277	-	(8,588,844)	(431,567)
Shares issued pursuant to a private placement	15,350,000	921,000	-	-	921,000
Shares issued pursuant to a debt settlement	7,989,997	479,400	-	-	479,400
Shares issued pursuant to the exercise of warrants	3,400,000	340,000	-	-	340,000
Shares issued pursuant to a mineral property option agreement	2,200,000	912,000	-	-	912,000
Share issuance costs	-	(67,440)	-	-	(67,440)
Share-based compensation	-	-	884,160	-	884,160
Loss and comprehensive loss	-	-	-	(1,310,814)	(1,310,814)
Balance at August 31, 2021	38,745,790	10,742,237	884,160	(9,899,658)	1,726,739
Shares issued pursuant to a private placement	3,740,000	748,000	-	-	748,000
Shares issued pursuant to the exercise of warrants	6,566,666	656,667	-	-	656,667
Shares issuance costs	-	(1,250)	-	-	(1,250)
Loss and comprehensive loss	-	-	-	(770,994)	(770,994)
Balance at August 31, 2022	49,052,456	12,145,654	884,160	(10,670,652)	2,359,162

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

General Copper Gold Corp.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended August 31, 2022	Year Ended August 31, 2021
	(\$)	(\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	(770,994)	(1,310,814)
Items not affecting cash:		
Accrued interest	-	5,087
Gain on debt settlement (Note 7)	-	(11,173)
Share-based compensation	-	884,160
Write-off of accounts receivable	-	34,740
Impairment of mineral property (Note 5)	371,709	-
Changes in non-cash working capital items:		
Accounts receivables	(4,420)	(82,702)
Prepaid expenses	(98,048)	38,034
Restricted cash	-	(7,500)
Accounts payable and accrued liabilities	(91,631)	185,387
	(593,384)	(264,781)
FINANCING ACTIVITIES		
Issuance of common shares for cash	748,000	921,000
Issuance of common shares from warrant exercise	656,667	340,000
Share issuance costs	(1,250)	(67,440)
Repayment of notes payable	(100,000)	-
Proceeds from notes payable	102,500	-
	1,405,917	1,193,560
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(309,486)	(799,536)
Change in cash during the year	503,047	129,243
Cash, beginning of year	130,071	828
Cash, end of year	633,118	130,071

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

1. NATURE OF OPERATIONS AND GOING CONCERN

General Copper Gold Corp. (the “Company”) was incorporated on April 29, 1982, under the laws of the Province of British Columbia.

The address of the Company’s head office and registered office is 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, Canada.

The Company is a publicly traded company and the Company’s shares are currently listed on the Canadian Securities Exchange (“CSE”) under the symbol GGLD.

During the year ended August 31, 2021, the Company delisted its shares from the NEX board of the TSX Venture Exchange in conjunction with a change of business to a mining issuer and concurrent closing of an option agreement to acquire a 100% interest in the Clark’s Brook property in Newfoundland, and entered into an option agreement to acquire a 100% interest in the Topley Richfield property in British Columbia.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. Currently, the Company has no source of operating cash flows. The Company had an accumulated loss of \$10,670,652 since inception. The Company has relied mainly upon the issuance of share capital and notes payable to finance its activities. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue to rely upon the issuance of share capital to finance its future activities but there can be no assurance that such financing will be available to the Company. The outbreak of COVID-19 could have a negative impact on the Company’s ability to execute its business plan and the stock market, including trading prices of the Company’s shares and its ability to raise new capital. Inability to secure future financing would have a material adverse effect on the Company’s business, results of operations, and financial condition. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. Failure to continue as a going concern may require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These financial statements, including comparatives, have been prepared using International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved by the Audit Committee and Board of Directors of the Company on December 16, 2022.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

2. BASIS OF PRESENTATION (continued)

(c) Functional and Presentation Currency

The Company's functional and reporting currency is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described below, management is required to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 future periods, if the revision affects both current and future periods.

Significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in these financial statements include:

Deferred income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Impairment of mineral properties

The assessment of indications of impairment of the mineral properties and related determination of the net realizable value and write-down of the mineral property requires a significant amount of management judgment.

Leases

Management exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease under *IFRS 16, Leases*. Judgment is required in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leasehold improvements, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if management is reasonably certain to exercise that option. Changes in the economic environment may impact the assessment of the lease term and any changes in the estimate of lease terms may have a material impact on the Company's statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant Accounting Judgments, Estimates and Assumptions (continued)

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

(b) Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

(c) Financial Instruments

(i) Classification and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at amortized cost, at fair value through other comprehensive income (loss) ("FVTOCI"), or at fair value through profit ("FVTPL").

Financial Assets

The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. If there is objective evidence that the financial assets are impaired, determined by reference to external credit ratings and other relevant indicators, the financial assets are measured at the present value of estimated future cash flows. Any changes to the carrying amount of the financial asset, including impairment losses, are recognized through profit or loss. There are no assets classified in this category.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and selling financial assets, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

Financial Assets (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to deficit. The Company does not have any financial assets classified as FVTOCI.

Financial assets at FVTPL

By default, all other financial assets are measured subsequently at FVTPL. Assets at FVTPL include cash and restricted cash.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: at amortized cost or at FVTPL.

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 other comprehensive income; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not designate 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 has classified its accounts payable and notes payable as amortized cost.

(ii) Impairment

A financial asset not carried at fair value through profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Share Capital

The Company records proceeds from the share issuances, net of commissions and issuance costs, as share capital. The Company engages in equity financing transactions to obtain the funds necessary to continue operations. The equity financings may involve the issuance of common shares or units. Warrants that are part of units are assigned a value based on the residual value, if any, and included in the reserves.

(d) Share-Based Payments

The Company has a stock option plan for its directors, officers and employees. Under this plan, stock options are not issued at less than their fair market value.

The Company recognizes compensation cost for options and other share-based compensatory awards under the fair value method. Compensation cost is measured using the Black-Scholes option pricing model at the date of the grant and is expensed over the vesting period of the equity instrument awarded, with the offsetting amounts credited to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve amount is transferred to share capital.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability.

(f) Loss Per Share

Basic loss per share is calculated using the weighted average number of shares issued and outstanding during the period. Diluted loss per share is the same as basic loss per share as the issuance of shares on the exercise of share purchase options and warrants is anti-dilutive.

(g) Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

GENERAL COPPER GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Taxes (continued)

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. ACCOUNTING STANDARDS ADOPTED AND ISSUED

Adoption of New or Amended Accounting Standards

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2022, or later periods. The Company has not early adopted these new standards in preparing these financial statements. The new standards are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. EXPLORATION AND EVALUATION ASSETS

	Clark's Brook	Topley Richfield	Total
	(\$)	(\$)	(\$)
Balance, August 31, 2020	50,000	-	50,000
Acquisition costs - cash	30,000	200,000	230,000
Acquisition costs – shares	12,000	900,000	912,000
Acquisition costs – legal fees	-	64,631	64,631
Exploration expenditures:			
Drilling	228,159	-	228,159
Road clearing	-	7,454	7,454
Geophysics	-	152,200	152,500
Surveying	-	5,000	5,000
Geological	12,000	10,000	22,000
Line cutting	-	88,315	88,315
Permits and licenses	-	3,777	3,777
Balance, August 31, 2021	332,159	1,429,377	1,761,536
Exploration expenditures:			
Road clearing	-	13,000	13,000
Field supplies	-	80,200	80,200
Geophysics	-	2,400	2,400
Geological	38,775	92,121	130,896
Permits and licenses	775	-	775
Travel	-	2,611	2,611
Cash advances	-	79,604	79,604
Impairment	(371,709)	-	(371,709)
Balance, August 31, 2022	-	1,699,313	1,699,313

GENERAL COPPER GOLD CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
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5. EXPLORATION AND EVALUATION ASSETS (continued)

Clark's Brook Property

On July 29, 2020 the Company entered into an arm's length option agreement (the "Option Agreement") with Metals Creek Resources Corp. ("MCR") to acquire 100% of the right, title and interest in and to the Clark's Brook Property in central Newfoundland. In order to earn its option, the Company must issue an aggregate of 1,500,000 common shares of the Company and make cash payments totaling \$225,000 over the course of a three-year period as outlined below:

# of Shares	\$ Cash	Date
-	50,000	On signing of Option Agreement (paid)
200,000	-	On initial listing on Canadian Securities Exchange (issued)
300,000	30,000	On or before 12 months from Initial Issuance Date (cash paid)
500,000	45,000	24 months from Initial Issuance Date
500,000	100,000	36 months from Initial Issuance Date
1,500,000	225,000	

In accordance with the terms of the Option Agreement, the Company will reserve to MCR a 2% net smelter royalty (the "NSR") on the mineral claims, provided, however, that the Company shall have the right at any time to purchase from MCR 1% of the NSR in consideration for a one-time payment of the sum of \$1,000,000.

During the year ended August 31, 2020, the Company made the initial \$50,000 cash payment under the Option Agreement.

During the year ended August 31, 2021, the Company made the second cash payment of \$30,000 and issued 200,000 common shares at a fair value of \$0.06, pursuant to the terms of the Option Agreement. The Company incurred \$39,549 in exploration expenditures on the Clark's Brook property during the year ended August 31, 2022.

Subsequent to August 31, 2022, the Company terminated its option to acquire the Clark's Brook property and as a result recognized an impairment in the amount of \$371,709 during the year ended August 31, 2022.

Topley Richfield Property

On July 20, 2021, the Company entered into an option agreement to acquire up to a 100% interest in and to the copper-gold Topley Richfield property, located in the Omineca mining division of British Columbia, 60 kilometres east-southeast from Smithers. It is accessible by road, power runs through the western side of the Property and the village of Topley is less than 10km away. The Property covers 2,313 hectares and is comprised of seven contiguous claims. Previous exploration has focussed on expanding the known mineralization.

Pursuant to the agreement, the Company can commence the earn-in to acquire a 50.1% interest in the property through the issuance of two million common shares and a cash payment of \$200,000 on or before 10 days after signing the agreement. Thereafter, should the Company wish to keep the option to earn a 50.1% interest in the property in good standing, it may, in its sole discretion: issue two million common shares on or before 21 months from the effective date and thereafter should the Company wish to complete the earn-in and acquire the 50.1% interest in the property, the company would issue two million common shares on or before 24 months from the effective date.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Topley Richfield Property (continued)

The Company can acquire an additional 16.9% interest in the property by issuing two million common shares within 45 days after the first option earn-in deadline. Following the exercise of the second option, the Company can earn a final 33% interest in the property (for a total interest of 100%) by issuing four million common shares and making a cash payment of \$15,000 within 12 months of the second option earn-in deadline.

The exercise of the options (and the payments and share issuances at each tranche) are at the discretion of the Company. If the Company exercises the first option, second option or third option, as applicable, and makes all required payments and issuances thereunder, it will have earned the interest subject to such option.

As of August 31, 2021, the Company commenced its first earn-in option to acquiring 50.1% interest in and to the Topley Richfield property in exchange for a cash payment of \$200,000 and the issuance of two million common shares at a fair value of \$0.45 per share. During the year ended August 31, 2022, the Company incurred \$190,332 in exploration expenditures on the Topley Richfield property.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2022	August 31, 2021
	(\$)	(\$)
Trade payables	102,141	220,272
Related party payables (Note 9)	-	17,080
Accrued liabilities	30,000	13,000
Total	132,141	250,352

7. NOTES PAYABLE

	August 31, 2022	August 31, 2021
	(\$)	(\$)
Unsecured, interest-free loan, repayable on demand	2,500	-
Total	2,500	-

i) During the year ended August 31, 2022, the Company issued a total of \$102,500 to third-party creditors in unsecured notes payable which are interest-free and repayable upon demand, and repaid \$100,000.

ii) During the year ended August 31, 2021, the Company issued a total of \$3,300 to third-party creditors (Note 10) in unsecured notes payable which bear interest at 10% per annum, compounded annually, and payable quarterly in cash. All loans have a maturity date of three years from issuance.

During the year ended August 31, 2021, the Company settled \$145,931 in principal notes payable and \$40,872 in accrued interest through the issuance of units at a price of \$0.06. Each unit consists of one common share and one common share purchase warrant, exercisable at \$0.10 for a period of 18 months from the date of issue. A gain on settlement of \$11,173 was recorded for the year ended August 31, 2021.

During the year ended August 31, 2022, the Company incurred \$Nil (2021 - \$5,087) of interest expense.

8. SHARE CAPITAL

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital (continued)

During the year ended August 31, 2022, the following share issuances occurred:

- i) On April 27, 2022, the Company completed a non-brokered private placement, raising gross proceeds of \$748,000 through the issuance of 3,740,000 units at \$0.20 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.40 for a period of 12 months from the date of issuance.
- ii) An aggregate of 6,566,666 warrants were exercised at a price of \$0.10 for aggregate gross proceeds of \$656,667.

During the year ended August 31, 2021, the following share issuances occurred:

- i) On January 6, 2021, the Company completed a non-brokered private placement, raising gross proceeds of \$921,000 through the issuance of 15,350,000 units at \$0.06 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.10 for a period of 18 months from the date of issuance.
- ii) On January 6, 2021, the Company completed a debt settlement, issuing 7,989,997 units at a price of \$0.06 per unit, extinguishing aggregate debt of \$479,400. A gain on settlement of \$11,173 was recorded. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.10 for a period of 18 months from the date of issuance.
- iii) On January 6, 2021, the Company issued 200,000 common shares to Metals Creek Resources Corp. pursuant to the terms of the option agreement for the Clark's Brook mineral property.
- iv) The Company issued 3,400,000 common shares pursuant to the exercise of warrants at \$0.10, for aggregate gross proceeds of \$340,000.
- v) On July 22, 2021 the Company issued 2,000,000 common shares at a fair value of \$0.45 pursuant to the terms of the Topley Richfield property option agreement

c) Stock options

The Company adopted a new 15% rolling stock option plan (the "Plan") in compliance with the CSE's policies, which was approved by the Company's shareholders on December 16, 2020. The number of common shares reserved and authorized for issuance pursuant to options granted under the Plan is 7,357,868, as of August 31, 2022, representing 15% of the number of issued and outstanding shares. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Vesting terms are at the discretion of the directors.

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8. SHARE CAPITAL (continued)

c) Stock options (continued)

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – August 31, 2020	-	-
Granted	3,300,000	0.36
Cancelled	(500,000)	0.32
Balance – August 31, 2021 and August 31, 2022	2,800,000	0.36

On March 25, 2021, the Company granted 2,300,000 stock options to directors, officers and consultants exercisable at \$0.315 for a period of 5 years. On April 28, 2021, the Company granted 500,000 stock options to a director exercisable at \$0.35 for a period of 5 years, and on June 8, 2021, the Company granted 500,000 stock options to a director exercisable at \$0.55 for a period of 5 years. All options vested on the date of grant.

During the year ended August 31, 2022, the Company recognized \$Nil (2021 - \$884,160) in share-based compensation relating to options vesting during the year.

As at August 31, 2022, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (years)
March 25, 2026	1,800,000	1,800,000	0.315	3.57
April 28, 2026	500,000	500,000	0.35	3.66
June 8, 2026	500,000	500,000	0.55	3.77
	2,800,000	2,800,000	0.36	3.62

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price (\$)
Balance – August 31, 2020	2,400,000	\$0.10
Granted	23,339,997	\$0.10
Exercised	(3,400,000)	\$0.10
Balance – August 31, 2021	22,339,997	\$0.10
Exercised	(6,566,666)	\$0.10
Expired	(15,773,331)	\$0.10
Granted	3,740,000	\$0.40
Balance – August 31, 2022	3,740,000	\$0.40

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8. SHARE CAPITAL (continued)

d) Share purchase warrants (continued)

During the year ended August 31, 2022, 6,566,666 warrants were exercised at \$0.10 for gross proceeds of \$656,667.

During the year ended August 31, 2021, 3,400,000 warrants were exercised at \$0.10 for gross proceeds of \$340,000.

As at August 31, 2022, the Company had 3,740,000 warrants outstanding as outlined below:

<u>Expiry Date</u>	<u>Warrants Outstanding</u>	<u>Exercise Price</u>	<u>Weighted Average Remaining Life</u>
		<u>(\$)</u>	<u>(years)</u>
April 27, 2023	3,740,000	0.40	0.65

9. RELATED PARTY TRANSACTIONS AND BALANCE

Key Management Compensation

The Company defines key management personnel as officers and directors of the Company and/or entities controlled by them.

As at August 31, 2022, a total of \$Nil (August 31, 2021 - \$10,500), was included in accounts payable and accrued liabilities owing to corporations controlled by the chief executive officer and/or chief financial officer of the Company for management fees. The amounts are non-interest bearing, unsecured with no formal terms of repayment.

Other Related Party Transactions

	2022	2021
	(\$)	(\$)
Management fees	120,000	55,000
Share-based compensation	-	745,310
Interest expense (ii)	-	3,331
	120,000	803,641

- i) During the year ended August 31, 2022, the Company recognized interest expense of \$Nil (2021 - \$5,087) relating to unsecured notes issued to directors and officers of the Company, which bear interest at 10% per annum for a three-year term (Note 7). During the year ended August 31, 2021, the Company settled \$95,000 in principal notes payable to directors and officers through the issuance of units at a price of \$0.06. Each unit consists of one common share and one common share purchase warrant, exercisable at \$0.10 for a period of 18 months from the date of issue.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values and Classification

The Company's financial instruments consist of cash, accounts payable and notes payable. Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI"), or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	August 31, 2022	August 31, 2021
		(\$)	(\$)
Cash and restricted cash	FVTPL	640,618	137,571
Accounts payable	Amortized cost	158,721	250,352
Notes payable	Amortized cost	2,500	-

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:

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

The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of accounts payable approximate their book values because of the short-term nature of these instruments.

The carrying amounts of the notes payable approximate fair value as the interest rates were negotiated based on market rates.

Financial instrument risk exposure

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company manages this credit risk by ensuring that cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company endeavors to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company is exposed to liquidity risk.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Contractual undiscounted cash flow requirements for financial liabilities as at August 31, 2022 are as follows:

	<u><1 year</u>	<u>2-3 Years</u>	<u>Total</u>
	(\$)	(\$)	(\$)
Accounts payable and accrued liabilities	158,721	-	158,721

Interest rate risk

The Company is nominally exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The Company does not have any variable interest rate liabilities.

Foreign exchange risk

The Company is not exposed to significant foreign currency risk.

11. MANAGEMENT OF CAPITAL

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue project opportunities for the benefit of its shareholders. The Company does not have any externally imposed capital requirements to which it is subject. 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. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits. There have been no changes to the Company's approach to capital management during the year ended August 31, 2022.

12. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	<u>2022</u>	<u>2021</u>
	(\$)	(\$)
Net loss for the year	770,994	1,310,814
Canadian statutory income tax rate	27%	27%
Expected income tax recovery	(208,169)	(353,920)
Permanent difference and other	100,024	221,535
Deferred tax assets not recognized	108,145	132,385
Total income tax expense (recovery)	-	-

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12. INCOME TAXES (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2022	2021
	(\$)	(\$)
Non-capital losses carry-forward	1,374,000	1,263,000
Capital losses carry-forward	548,000	548,000
Canadian eligible capital	25,000	28,000
	1,947,000	1,839,000
Unrecognized deferred tax asset	(1,947,000)	(1,839,000)
Net deferred tax asset	-	-

As at August 31, 2022, the Company has non-capital losses carried forward of approximately \$5,090,000 which are available to offset future years' taxable income.

These losses expire as follows:

	\$
2026	150,000
2027	250,000
2028	2,179,000
2029	166,000
2030	153,000
2031	165,000
2032	157,000
2033	107,000
2034	153,000
2035	136,000
2036	79,000
2037	79,000
2038	125,000
2039	134,000
2040	205,000
2041	440,000
2042	412,000
	5,090,000

13. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2022 the Company terminated its option agreement to acquire the Clark's Brook property in central Newfoundland from Metals Creek Resources Corp., in an effort to focus its resources on the Topley Richfield property.