St. Anthony Gold Corp. (formerly Maxtech Ventures Inc.)

Consolidated Financial Statements

July 31, 2022

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St. Anthony Gold Corp. (formerly Maxtech Ventures Inc.)

Opinion

We have audited the consolidated financial statements of St. Anthony Gold Corp. (formerly Maxtech Ventures Inc.) (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2022 and 2021, and the consolidated statements of changes in shareholders' equity (deficiency), loss and comprehensive loss and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 30, 2022

St. Anthony Gold Corp. (formerly Maxtech Ventures Inc.)

Consolidated Statements of Financial Position

As at July 31, 2022 and July 31, 2021

	Note	**July 31, 2022 $**	July 31, 2021 $
Assets			
Current assets			
Cash		330,639	95,257
Marketable securities	3	230,000	-
Sales tax receivable		50,695	167,533
Prepaid expenses		115,002	39,998
		726,336	302,788
Non-current assets			
Prepaid exploration expenditures	4	-	430,571
Loan receivable	7	200,504	-
Exploration and evaluation assets	4	-	2,683,696
Total assets		**926,840**	3,417,055
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		757,722	530,066
Due to related parties	8	32,320	12,515
Flow-through premium liability	13	-	2,948
Total liabilities		**790,042**	545,529
Shareholders' equity			
Share capital	5	16,063,082	15,217,082
Reserves	5	1,004,914	969,275
Contributed surplus	5	7,467,213	7,467,213
Deficit		(24,398,411)	(20,782,044)
Total shareholders' equity		**136,798**	2,871,526
Total liabilities and shareholders' equity		**926,840**	3,417,055

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Approved on behalf of the Board of Directors on November 30, 2022:

"Peter Wilson" **Director** *"Eugene Hodgson"* **Director**

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

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the years ended July 31, 2022 and July 31, 2021

	Number of shares \#	Share capital $	Reserves $	Contributed surplus $	Deficit $	Total shareholders' equity $
July 31, 2020	18,893,632	12,246,344	471,785	7,467,213	(19,945,370)	239,972
Private placement - non-flow-through units	5,825,960	1,721,869	42,821	-	-	1,764,690
Private placement - flow-through units	4,172,460	1,175,541	89,744	-	-	1,265,285
Flow-through premium	-	(127,635)	-	-	-	(127,635)
Units issued - debt settlement	111,177	37,800	-	-	-	37,800
Common shares issued - debt settlement	48,750	19,500	-	-	-	19,500
Common shares issued - exploration and evaluation assets	1,416,667	360,000	12,264	-	-	372,264
Share issue costs	163,705	(216,337)	94,127	-	-	(122,210)
Share-based compensation	-	-	258,534	-	-	258,534
Loss and comprehensive loss for the year	-	-	-	-	(836,674)	(836,674)
July 31, 2021	30,632,350	15,217,082	969,275	7,467,213	(20,782,044)	2,871,526
Private placement - non-flow-through units	7,750,000	631,000	-	-	-	631,000
Shares issued for services	3,125,000	115,000	-	-	-	115,000
Common shares issued - exploration and evaluation assets	808,375	100,000	-	-	-	100,000
Share-based compensation	-	-	109,096	-	-	109,096
Re-allocated on expiry of options	-	-	(73,457)	-	73,457	-
Loss and comprehensive loss for the year	-	-	-	-	(3,689,824)	(3,689,824)
July 31, 2022	**42,315,725**	**16,063,082**	**1,004,914**	**7,467,213**	**(24,398,411)**	**136,798**

On November 15, 2021, the Company completed a consolidation of its common shares on a basis of one post-consolidated common share for every four pre-consolidated common shares. The Company has restated all number of share and per share information for the effect of this consolidation.

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

For the years ended July 31, 2022 and July 31, 2021

	Note	**2022** $	2021 $
Expenses			
Consulting and management fees	8	391,446	356,614
Meals and entertainment		16,833	-
Office facilities and administration		119,262	65,034
Professional fees	8	247,662	119,647
Public relations and advertising		92,063	118,407
Share-based compensation	5,8	109,096	258,534
Transfer agent and filing fees		24,400	33,032
Loss from operating expenses		**(1,000,762)**	(951,268)
Claim maintenance expense	12	(56,500)	-
Impairment of exploration and evaluation assets	4	(2,423,785)	(13,703)
Interest income		1,576	-
Loss on sale of exploration and evaluation asset	4	(203,301)	-
Other income on settlement of flow-through premium liability	13	2,948	128,297
Unrealized loss on marketable securities	3	(10,000)	-
Loss and comprehensive loss for the year		**(3,689,824)**	**(836,674)**
Loss per share			
Weighted average number of common shares outstanding			
- basic #	6	**35,176,463**	25,011,880
- diluted #	6	**35,176,463**	25,011,880
Basic loss per share $	6	**(0.10)**	(0.03)

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

Consolidated Statements of Cash Flows

For the years ended July 31, 2022 and July 31, 2021

	Note	**2022** $	2021 $
Operating activities			
Loss for the year		(3,689,824)	(836,674)
Share-based compensation		109,096	258,534
Impairment of exploration and evaluation assets		2,423,785	13,703
Loss on disposal of exploration and evaluation asset		203,301	-
Interest income		(504)	-
Other income on settlement of flow-through premium liability		(2,948)	(128,297)
Issue of common shares for services		90,000	-
Unrealized loss on marketable securities		10,000	-
Net change in non-cash working capital items	10	314,295	(202,204)
		(542,799)	(894,938)
Financing activities			
Issue of common shares/units for cash		631,000	3,029,975
Share issue costs		-	(88,056)
		631,000	2,941,919
Investing activities			
Prepaid exploration expenditures		-	(920,000)
Mineral property acquisition costs		-	(300,000)
Exploration and evaluation expenditures		(152,819)	(791,441)
Mineral property sale proceeds		500,000	-
Loan receivable		(200,000)	-
		147,181	(2,011,441)
Net increase in cash		235,382	35,540
Cash, beginning of year		95,257	59,717
Cash, end of year		**330,639**	95,257

1. Nature of operations and going concern

St. Anthony Gold Corp. (formerly Maxtech Ventures Inc.) (the "Company") was incorporated on April 19, 2000, under the laws of the province of British Columbia, Canada. The Company's shares are traded on the Canadian Securities Exchange (the "CSE") under the symbol "STAG". The Company is in the business of exploration and evaluation of mineral property interests in Ontario and Quebec. Effective July 28, 2021, the Company changed its name to St. Anthony Gold Corp.

The head office, principal address and records office of the Company are located at 702 - 595 Howe Street, Vancouver, B.C. V6C 2T5.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has been exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These consolidated financial statements (the "financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have revenues and has incurred operating losses since incorporation. As at July 31, 2022, the Company had a working capital deficit of $63,706 (July 31, 2021 –$242,741). The Company will continue to seek the funding necessary to enable it to carry on as a going concern, but management cannot provide assurance that the Company will be able to raise additional debt and/or equity capital or conclude a corporate transaction. If the Company is unable to raise additional funds in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company will continue to seek cost saving measures, project partners, merger/acquisition or financing opportunities where available. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with 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 have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after August 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and therefore have been excluded from discussion within these significant accounting policies.

(c) Principles of consolidation

Subsidiaries are entities controlled by the Company and are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

These financial statements include the accounts of the Company and its controlled subsidiaries as follows:

Name	Status	Ownership	Place of Incorporation
Maxtech Mining Zambia Ltd.	Inactive	100%	Zambia
Emerging Minerals Corp. ("Emerging Minerals")	Inactive	53%	BC, Canada
Exercised International Ltd. ("Eotheme")	Inactive	100%	Wyoming, USA

All intercompany balances and transactions between the Company and its subsidiaries have been eliminated on consolidation.

2. Significant accounting policies

(d) Financial instruments

Non-derivative financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges. The Company classifies its cash at FVTPL.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized 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. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment. The Company does not have any financial assets within this category.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss. The Company does not have any financial assets within this category.

Financial liabilities

Non-derivative financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The Company’s accounts payable and accrued liabilities and due to related parties are classified in this category.

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the consolidated statement of financial position at fair value. Unrealized gains and losses on derivatives not designated in a hedging relationship are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using inputs based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract. Accounts receivable related to provisionally priced sales are measured at fair value with changes recognized in the consolidated statement of loss and comprehensive loss as a component of revenue.

2. Significant accounting policies (continued)

(e) Foreign currency translation

The financial statements of the Company are prepared in its functional currency, determined on the basis of the primary economic environment in which the entity operates. Given that operations are in Canada, the presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held with banks, and other highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

(g) Exploration and evaluation assets

Title to exploration and evaluation assets including mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties.

The Company accounts for exploration and evaluation assets in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("IFRS 6"). Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation are recognized and capitalized, in addition to the acquisition costs. These expenditures include but are not limited to acquiring licenses, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling and payments made to contractors and consultants in connection with the exploration and evaluation of the property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Acquisition costs incurred in obtaining legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral properties. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

2. Significant accounting policies (continued)

(h) Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs, of any significance, related to its exploration and evaluation assets.

(i) 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 benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset’s recoverable amount is the higher of fair value less costs of disposal 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the consolidated statement of loss and comprehensive loss.

(k) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

2. Significant accounting policies (continued)

(k) Share capital (continued)

Share purchase warrants issued on a standalone basis are recognized at the fair value using the Black-Scholes option pricing model at the date of issue. The value is initially recorded as a part of reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

(l) Flow-through share private placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares at the date the private placement is announced. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The loss of the tax benefit is recorded as a deferred income tax liability and eliminates the original flow-through share premium liability, with the difference, if any, recorded as a deferred income tax expense. In instances where the Company has unused temporary income tax benefits, or unused non-capital losses or tax credits available to offset the deferred income tax liability, the realization of these income tax benefits is shown as a recovery in profit or loss in the period the deferred income tax liability is recorded.

The flow-through share premium liability is reduced on a pro-rata basis as the required exploration expenditures are completed and renounced to the flow-through shareholders.

(m) Income taxes

Income tax reported in the consolidated statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods.

Deferred income tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

2. Significant accounting policies (continued)

(n) Share-based compensation

The Company grants stock options to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the 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 that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes option pricing model. 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.

(o) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

(p) Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

(i) Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

(ii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainly and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.

(iii) The determination of the fair value of stock options or warrants using pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options and warrants.

(iv) The provision for income taxes and composition of income tax assets and liabilities require management’s judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company’s transactions.

Judgments

(i) The 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 business for the foreseeable future. The assessment of the Company’s ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position would be necessary (note 1).

2. Significant accounting policies (continued)

(p) Use of estimates and critical judgments (continued)

Judgments (continued)

(ii) The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

(iii) Management has determined that there are no indicators of impairment of the exploration and evaluation assets, which have been recognized on the consolidated statements of financial position. Management uses several criteria in its assessments of whether or not impairment indicators exist as outlined in IFRS 6 *Exploration for and Evaluation of Mineral Resources*, which includes whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed, whether substantive expenditure on further exploration is neither budgeted nor planned, and other factors such as exploration results, metal prices, project economics, financing prospects and sale or option prospects.

3. Marketable securities

Balance - July 31, 2021 and 2020	$	-
Additions (note 4)		240,000
Unrealized loss		(10,000)
Balance - July 31, 2022	**$**	**230,000**

Marketable securities consist of 1,000,000 shares of Trillium Gold Mines Inc. received in connection with the sale of the Panama Lake Gold Project (note 4).

4. Exploration and evaluation assets

Changes in the project carrying amounts for the years ended July 31, 2022 and July 31, 2021 are summarized as follows:

	Panama Lake Gold Project $	James Bay Project $	St. Anthony Gold Project $	Other $	Total $
Balance, August 1, 2020	735,090	5,000	-	13,703	753,793
Acquisition	100,000	-	572,264	-	672,264
Administration	-	535	95,844	-	96,379
Assay testing	-	-	106,851	-	106,851
Construction	-	-	457,345	-	457,345
Drilling	-	-	329,126	-	329,126
Geologist and consulting	3,679	-	204,864	-	208,543
Travel	795	-	72,303	-	73,098
Impairment	-	-	-	(13,703)	(13,703)
Balance, July 31, 2021	839,564	5,535	1,838,597	-	2,683,696
Acquisition	100,000	-	-	-	100,000
Administration	-	-	211,158	-	211,158
Assay testing	-	-	37,535	-	37,535
Drilling	-	-	43,058	-	43,058
Equipment rental	-	-	69,349	-	69,349
Geologist and consulting	3,737	-	218,553	-	222,290
Sale	(943,301)	-	-	-	(943,301)
Impairment	-	(5,535)	(2,418,250)	-	(2,423,785)
Balance, July 31, 2022	-	-	-	-	-

<u>Panama Lake Gold Project</u>

On October 22, 2019, the Company entered into an option agreement with Benton Resources Inc. (“Benton”) to acquire the right to acquire a 100% interest in Benton’s Panama Gold Project in the Red Lake Mining district, Ontario. The purchase and sale of the claims is to be achieved in stages and is conditional upon the following:

- Acceptance for filing of the agreement on behalf of the issuer by the Canadian Securities Exchange (completed);
- The issuance of 2,000,000 shares upon signing the agreement (issued at a fair value of $170,000 ($0.085 per share));
- The payment of either $100,000 cash or the equivalent value in common shares (issued 416,667 common shares at a fair value of $100,000 ($0.24 per share)) (note 5(i)) and expenditures by the issuer of $200,000 (incurred) on the property by the first anniversary; and
- The payment of either $100,000 cash or the equivalent value in common shares (issued 808,375 common shares at a fair value of $100,000 (note 5(c)) and expenditures by the issuer of $250,000 (incurred) on the property by the second anniversary.

At this stage, the Company will have earned an initial 50% interest in the Project. To earn an additional 20% interest, the following is required:

- The payment of either $100,000 cash or the equivalent value in common shares and expenditures by the issuer of $250,000 on the property by the third anniversary.

At this stage, the Company will have earned a 70% interest in the Project. To earn the final 30% interest, the following is required:

- The payment of either $300,000 cash or the equivalent value in common shares and expenditures by the issuer of $300,000 on the property by the fourth anniversary.

4. **Exploration and evaluation assets** (continued)

On June 1, 2022, the Company signed a Purchase and Sale Agreement ("P+S Agreement") to sell all of its rights and title to the Panama Lake Gold Project to Trillium Gold Mines Inc. ("Trillium"). Pursuant to an Assignment and Assumption Agreement (the "A+A Agreement"), entered into on the closing of the transactions under the P+S Agreement, the Company assigned all of its rights and obligations under the original option agreement to Trillium. In addition, pursuant to the A+A Agreement, Benton agreed to consent to the assignment and agreed to register 100% of the property's title to Trillium while retaining its 50-per-cent ownership interest in the property until such time as Trillium fulfills its option to earn 100% interest.

Pursuant to the terms of the P+S Agreement, at closing, Trillium paid the Company $500,000 in cash and issued 1,000,000 common shares in the capital of Trillium with a fair value of $240,000 (Note 3). In the event Trillium acquires a 100% interest in the property, the Company may cause Trillium to exercise its buyback right under the option agreement to repurchase from Benton one-half of the 2% net smelter return royalty on the property and convey such repurchased 1% net smelter return royalty to the Company in exchange for a cash payment by the Company to Trillium of $1,000,000. The common shares of Trillium issued under the P+S Agreement are subject to a four-month holding period from the closing date.

During the year ended July 31, 2022, the Company recorded a loss on sale of mineral property of $203,301 in connection with the sale of the Panama Lake Gold Project.

James Bay Project

In January 2020, the Company signed a land package acquisition in James Bay Quebec. The Company wrote-off the James Bay Project and recorded an associated impairment of exploration and evaluation assets of $5,535 during the year ended July 31, 2022.

St. Anthony Gold Project

On October 14, 2020 (the "Effective Date"), the Company entered into a Definitive Joint Venture Earn-in Agreement (the "JV Agreement") with Magabra Resources Inc. ("Magabra"), which superseded a Letter of Intent dated August 10, 2020. Pursuant to the JV Agreement, the Company and Magabra will jointly explore a series of claims compiling the St. Anthony Gold Project located in the Kenora-Patricia mining district in Ontario, Canada.

Pursuant to the JV Agreement, the Company can earn an initial 8% interest (the "First Option") as follows:

- Issuing to Magabra a total of 1,000,000 common shares (issued at a fair value of $260,000 ($0.26 per share)) (note 4);
- Payment of $300,000 to Magabra (paid);
- Completing a financing of at least $3,000,000 within 30 days of the Effective Date; and
- Issuing to Magabra a total of 25,000 warrants with an exercise price of $0.32 and a maturity date that is two years from issuance (issued at a fair value of $12,264) (note 4).

The Company can earn an additional 8% interest (the "Second Option") as follows:

- On completion of the First Option, completing a financing of at least $3,000,000 within 30 days.

The Company can earn an additional 34% interest (the "Third Option") as follows:

- On completion of the Second Option, completing a financing of at least $12,000,000 within 12 months of the Effective Date.

On completion of the Third Option, the Company will have earned a 50% interest in the claims. Further, the JV Agreement includes the provision for a bonus payment to Magabra in the form of 4,000,000 common shares of the Company, so long as Magabra has a continued interest in the claims and upon completion of a National Instruments 43-101 compliant proven resource calculation for the first 1,000,000 ounces of gold identified, with an additional 1,000,000 common shares issuable for each additional 1,000,000 ounces under similar resource calculations.

4. **Exploration and evaluation assets** (continued)

St. Anthony Gold Project (continued)

Magabra will serve as project manager for all work programs to be conducted on the claims. As at July 31, 2021, the Company had advanced $430,571 towards future exploration work.

On March 15, 2021, the Company and Magabra signed a new option agreement whereby the Company now has an exclusive right to acquire an undivided 100% interest in the St. Anthony gold mine property. The first phase of a 5,000 metre initial drill program continues and Magabra remains the operator in respect to drilling and production at the property.

Magabara and the Company agreed to accelerate the first option of a 30% undivided interest in the property, which will be earned as follows. Under this first option, the Company's commitment to the first 5,000 metre drill program of approximately $1,500,000 remains in place. The Company will issue to Magabra under a voluntary escrow agreement 30,000,000 restricted common shares with no one shareholder having greater than 10% of the issued and outstanding shares of the Company, such shares to be released as follows: 10% or 3,000,000 restricted shares issuance immediately with a 4 month hold legend, and 15% every 6 months thereafter with each release having the same terms (the "Restricted Share Consideration"). Magabra also has the right to appoint 2 directors to the board of the Company.

The Company has a second option to earn a total of 65% with an additional 35% interest in the property. This option will include the next drill phase of 10,000 metres at an approximated drill budget cost of $1,500,000 per 5,000 metres. Magabra will be required to produce a 43-101 report of mineral reserves after the 15,000 metre drill program to the Company.

The Company can acquire the remaining 35% interest for a full 100% ownership at the St. Anthony gold property by committing to another drill program for further exploration on the property of $3,000,000.

To date, the Company has not issued the Restricted Share Consideration, nor has it appointed the directors. On March 31, 2022, the Company received formal termination of the JV Agreement between Magabra and the Company. The Company elected to write-off the St. Anthony Gold Project and recorded an associated impairment of exploration and evaluation assets of $2,418,250 during the year ended July 31, 2022.

5. **Share capital**

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the year ended July 31, 2022:

(a) On October 8, 2021, the Company issued 125,000 common shares at a fair value of $0.20 to Mi3 Communications Financiers as a final finder consulting fee payment in respect of the St. Anthony Gold Project (note 3).

(b) On December 2, 2021, the Company closed a non-brokered private placement and issued 3,050,000 units at a price of $0.10 per unit for gross proceeds of $305,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.20 for a period of two years from the date of closing. No residual value was allocated to the warrant component of the units sold.

(c) On December 10, 2021, the Company issued 808,375 common shares at a fair value of $100,000 ($0.12 per share) pursuant to the option agreement on the Panama Lake Gold Project (note 3).

(d) On March 7, 2022, the Company closed a non-brokered private placement and issued 4,700,000 units at a price of $0.08 per unit, 625,000 of which were subscribed to by a company controlled by a director and officer of the Company and were cancelled subsequent to the year ended July 31, 2022 due to non-payment, for gross proceeds of $326,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.15 for a period of two years from the date of closing.

5. Share capital (continued)

(e) On July 26, 2022, the Company issued 3,000,000 common shares at a fair value of $0.03 per share and 3,000,000 share purchase warrants to management, with each warrant being exercisable into a common share at an exercise price of $0.05 until July 26, 2024, as a bonus consulting fee payment in relation to the sale of the Panama Lake Gold Project (note 4). Fair value of the warrants of $36,388 was recorded to share-based compensation expense.

Transactions for the issue of share capital during the year ended July 31, 2021:

(f) On September 4, 2020, the Company completed the first tranche of a non-flow-through unit offering consisting of the sale of 3,032,206 non-flow-through units at a price of $0.34 per non-flow-through unit for gross proceeds of $1,030,950. Each non-flow-through unit consists of one non-flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until September 4, 2023. No residual value was allocated to the warrant component of the units issued.

In connection with the unit offering completed, the Company paid finders' fees of $6,626 and issued a total of 16,600 finders' warrants, with each warrant being exercisable into a non-flow-through common share of the Company at an exercise price of $0.48 until September 4, 2023. The fair value of the finders' warrants was determined to be $3,090 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.48; ii) share price: $0.34; iii) term: 3 years; iv) volatility: 100%; v) discount rate: 0.40%.

(g) Concurrent with the financing, on September 4, 2020, the Company issued 111,176 non-flow-through units to settle debt totalling $37,800. No gain or loss was recognized in connection with the debt settlement.

(h) On November 4, 2020, the Company completed the second tranche of a non-flow-through unit offering consisting of the sale of 77,911 non-flow-through units at a price of $0.034 per non-flow-through unit for gross proceeds of $26,490. Each non-flow-through unit consists of one non-flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until November 4, 2023.

The Company also completed the first tranche of a flow-through unit offering whereby it issued a total of 575,750 flow-through units at a price of $0.38 per flow-through unit for gross proceeds of $218,785. Each flow-through unit consists of one flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until November 4, 2021.

In connection with the unit offerings completed, the Company paid finders' fees of $10,438 and issued 5,145 finders' warrants exercisable at a price of $0.48 until November 4, 2023, 309 finders' warrant exercisable at $0.34 until November 4, 2022, and 40,302 finders' warrants exercisable at $0.38 until November 4, 2022. All finders' warrants are exercisable into non-flow-through common shares of the Company. The fair value of the finders' warrants was determined to be $5,828 using the Black-Scholes option pricing model with the following weighted average inputs: i) exercise price: $0.40; ii) share price: $0.28; iii) term: 2.13 years; iv) volatility: 100%; v) discount rate: 0.27%.

Concurrent with the financing, the Company issued 48,750 common shares to settle debt totalling $19,500. In connection with the debt settlement.

(i) On November 13, 2020, the Company issued 416,666 common shares with a total fair value of $100,000 ($0.24 per share) in connection with the Panama Lake Gold Project option agreement (note 3).

(j) On November 4, 2020, the Company issued 1,000,000 common shares to Magabra in connection with JV Agreement on the St. Anthony Gold Project (note 3). The Company also issued 100,000 warrants to Magabra, exercisable at $0.32 for a period of two years (note 3).

5. Share capital (continued)

Transactions for the issue of share capital during the year ended July 31, 2021: (continued)

(k) On December 31, 2020, the Company completed the second tranche of a flow-through unit offering consisting of the sale of 217,105 flow-through units at a price of $0.38 per flow-through unit for gross proceeds of $82,500. Each flow-through unit consists of one flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until December 31, 2021.

In connection with the unit offering completed, the Company paid finders' fees of $1,750 and issued 4,605 finders' warrants exercisable at a price of $0.40 until December 31, 2022. The finders' warrants are exercisable into non-flow-through common shares of the Company. The fair value of the finders' warrants was determined to be $707 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.40; ii) share price: $0.32; iii) term: 2 years; iv) volatility: 100%; v) discount rate: 0.20%.

(l) On February 11, 2021, the Company completed the third tranche of a non-flow-through unit offering consisting of the sale of 914,705 non-flow-through units at a price of $0.34 per non-flow-through unit for gross proceeds of $311,000. Each non-flow-through unit consists of one non-flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until February 11, 2024.

The Company also completed the third tranche of a flow-through unit offering whereby it issued a total of 1,092,105 flow-through units at a price of $0.38 per flow-through unit for gross proceeds of $415,000. Each flow-through unit consists of one flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.48 until February 11, 2022.

In connection with the unit offerings completed, the Company paid finders' fees of $36,190 and issued 21,000 finders' warrants exercisable at a price of $0.48 until February 11, 2023 the fair value of the finders' warrants was determined to be $2,571 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.48; ii) share price: $0.30; iii) term: 2 years; iv) volatility: 100%; v) discount rate: 0.19%, and 305,789 finders' warrants exercisable at $0.38 until February 11, 2023 The fair value of the finders' warrants was determined to be $10,650 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.38; ii) share price: $0.30; iii) term: 2 years; iv) volatility: 100%; v) discount rate: 0.19%. All finders' warrants are exercisable into non-flow-through common shares of the Company.

On June 4, 2021, the Company completed a non-flow-through unit offering consisting of the sale of 1,801,136 non-flow-through units at a price of $0.22 per non-flow-through unit for gross proceeds of $396,250. Each non-flow-through unit consists of one non-flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.40 until June 4, 2024. In connection with the unit offering completed, the Company paid finders' fees of $11,463, issued 108,579 finders' warrants exercisable at a price of $0.40 until June 4, 2024 the fair value of the finders' warrants was determined to be $13,355 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.40; ii) share price: $0.24; iii) term: 3 years; iv) volatility: 100%; v) discount rate: 0.49%, and 56,477 finders' units at a value of $12,425 ($0.24 per share) consists of one non-flow-through share and one share purchase warrants, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.40 until June 4, 2024. All finders' warrants are exercisable into non-flow-through common shares of the Company.

The Company also completed flow-through unit offering whereby it issued a total of 2,287,499 flow-through units at a price of $0.24 per flow-through unit for gross proceeds of $549,000. Each flow-through unit consists of one flow-through common share and one share purchase warrant, with each warrant being exercisable into a non-flow-through common share at an exercise price of $0.40 until June 4, 2024. In connection with the unit offering completed, the Company paid finders' fees of $14,840, issued 160,125 finders' warrants exercisable at a price of $0.40 until June 4, 2024 the fair value of the finders' warrants was determined to be $19,765 using the Black-Scholes option pricing model with the following inputs: i) exercise price: $0.40; ii) share price: $0.24; iii) term: 3 years; iv) volatility: 100%; v) discount rate: 0.49%, and 107,227 finders' units at a value of $25,735 ($0.24 per share) consists of one flow-through share and one share purchase warrant, each warrant being exercisable into a non-flow-through common share at an exercise price of $0.40 until June 4, 2024. All finders' warrants are exercisable into non-flow-through common shares of the Company.

5. Share capital (continued)

Stock options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 20% of the outstanding shares. Options granted under the Plan may have a maximum term of 5 years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the CSE on the trading day immediately before the date of grant, less the discount permitted. The options vest at the discretion of the Board of Directors.

A summary of the status of the Company's stock options as at July 31, 2022 and July 31, 2021 and changes during the years then ended is as follows:

	Year ended July 31, 2022		Year ended July 31, 2021	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of year	2,925,000	0.41	1,675,000	0.44
Granted	1,000,000	0.20	1,250,000	0.40
Expired	(1,675,000)	0.40	-	-
Options outstanding, end of year	**2,250,000**	**0.31**	2,925,000	0.41

As at July 31, 2022, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,250,000	1,250,000	0.40	0.87	June 14, 2023
1,000,000	1,000,000	0.20	1.19	October 8, 2023
2,250,000	**2,250,000**	**0.31**	**1.01**	

On June 15, 2021, the Company granted 1,250,000 stock options to consultants of the Company. These options vested immediately on grant and are exercisable at a price of $0.40 for a term of two years expiring on June 14, 2023. The options granted had a fair value of $258,535 using the Black Scholes option pricing model with the following inputs: i) exercise price: $0.10; ii) share price: $0.30; iii) term: 2 years; iv) volatility: 155%; v) discount rate: 0.49%.

On October 8, 2021, the Company granted 1,000,000 stock options to consultants of the Company. These options vested immediately on grant and are exercisable at a price of $0.20 for a term of two years expiring on October 8, 2023. The options granted had a fair value of $72,708 using the Black Scholes option pricing model with the following inputs: i) exercise price: $0.20; ii) share price: $0.20; iii) term: 2 years; iv) volatility: 67%; v) discount rate: 0.68%.

The total share-based payment expense for the year ended July 31, 2022, was $72,708 (2021 – $258,534).

During the year ended July 31, 2022, 1,675,000 options expired unexcised. As a result, the original share-based compensation expense of $73,457 was reallocated from reserves to deficit.

Warrants

As an incentive to complete private placements, the Company may issue units which consist of common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units.

5. **Share capital** (continued)

Warrants (continued)

A summary of the status of the Company's warrants as at July 31, 2022 and July 31, 2021, and changes during the years then ended is as follows:

	July 31, 2022		July 31, 2021	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Warrants outstanding, beginning of year	12,140,386	0.45	3,667,331	0.48
Issued	10,750,000	0.14	10,806,415	0.44
Expired	(3,218,931)	0.49	(2,333,360)	0.44
Warrants outstanding, end of year	**19,671,455**	**0.27**	12,140,386	0.45

As at July 31, 2022, the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Weighted average remaining life (years)	Expiry date
100,000	0.32	0.27	November 4, 2022
40,303	0.38	0.27	November 4, 2022
309	3.40	0.27	November 4, 2022
4,605	0.40	0.42	December 31, 2022
3,032,206	0.48	1.10	September 4, 2023
21,000	0.48	0.54	February 11, 2023
76,447	0.38	0.54	February 11, 2023
16,600	0.48	1.10	September 4, 2023
111,177	0.48	1.10	September 4, 2023
5,145	0.48	1.27	November 4, 2023
77,912	0.48	1.27	November 4, 2023
3,050,000	0.20	1.34	November 30, 2023
914,706	0.48	1.54	February 11, 2024
4,700,000	0.15	1.60	March 7, 2024
2,287,500	0.40	1.85	June 4, 2024
107,227	0.40	1.85	June 4, 2024
160,125	0.40	1.85	June 4, 2024
1,801,136	0.40	1.85	June 4, 2024
56,477	0.40	1.85	June 4, 2024
108,580	0.40	1.85	June 4, 2024
3,000,000	0.05	1.99	July 26, 2024
19,671,455	**0.27**	**1.57**	

Reserves and contributed surplus

Reserves record items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Contributed surplus records items that had been recognized as share-based compensation expense and other share-based payments after those items have expired or have been forfeited or cancelled.

6. **Loss per share**

The calculation of basic and diluted loss per share for the year ended July 31, 2022 is based on the loss attributable to common shareholders of $3,689,824 (2021 - $836,674) and a weighted average number of common shares outstanding of 35,176,463 (2021 – 25,011,880).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

7. Loan receivable

During the year ended July 31, 2022, the Company entered into a right of exclusivity ("ROE") agreement with an arm's-length party to acquire the Mallay mine in Peru (see Note 14) and advanced $200,000 to that party (the "borrower") as a demand loan bearing interest at 8% per annum. As part of the ROE, the Company agreed to advance the borrower up to $1,000,000 total, due in 90 days if the parties decide not to proceed with the acquisition. Failure to repay the loan in accordance with these terms will result in the Company having the option to convert the loan into common shares of the borrower, in the amount of 150% of the total of the principal amount of the loan plus accumulated interest, upon a go public event of the borrower.

8. Related party payables and transactions

The Company's related parties include key management personnel and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

Key management compensation

(a) During the year ended July 31, 2022, the Company paid or accrued $240,000 in management and consulting fees to the Chief Executive Officer ("CEO") or a company controlled by the CEO (2021 - $157,500). As at July 31, 2022, $nil is included in due to related parties for amounts to the CEO or a company in which the CEO is a partner (July 31, 202 - $nil). Additionally, the Company paid $33,000 for meals and entertainment and office facilities and administration expense reimbursements to a company controlled by the CEO.

(b) As at July 31, 2022, $6,215 (July 31, 2021 - $6,215) is included in due to related parties for amounts due to the Company's former Vice President of Exploration.

(c) During the year ended July 31, 2022, the Company paid or accrued $64,168 (2021 - $39,735) in professional fees to a company in which the former Chief Financial Officer ("CFO") has significant influence. As at July 31, 2022, $26,105 (July 31, 2021 - $6,300) is included in due to related parties for amounts due to the company in which the CFO has significant influence.

(d) During the year ended July 31, 2022, a total of nil (July 31, 2021 – 2,650,000) stock options were granted to Directors and Officers with a fair value of $nil (July 31, 2021 - $147,948).

(e) During the year ended July 31, 2022, 3,000,000 (July 31, 2021 – nil) shares and warrants were issued to Directors and Officers with a fair value of $90,000 and $36,388, respectively, as a bonus consulting fee for the sale of the Panama Lake Gold Project (notes 4 and 5).

9. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	July 31, 2022 **$**	July 31, 2021 $
Loss for the year before income taxes	3,689,824	(836,674)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	(996,000)	(225,902)
Change in tax resulting from:		
Unrecognized items for tax purposes	981,000	(106,000)
Impact of flow-through shares	2,000	348,663
Other, including the impact of rate changes and adjustments	2,000	(28,150)
Permanent differences	32,000	35,164
Share issue costs	(3,000)	(23,775)
Adjustment to prior year tax estimate	(18,000)	-
Income tax (expense) recovery	**-**	-

9. Income taxes (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Exploration and evaluation assets	1,959,000	No expiry date	-	No expiry date
Other	106,000	No expiry date	22,000	No expiry date
Share issue costs	84,000	2043 to 2046	74,000	2042 to 2045
Allowable capital losses	448,000	No expiry date	448,000	No expiry date
Non-capital losses available for future periods	6,879,000	2027 to 2042	5,321,000	2027 to 2041
Canada	6,879,000	2027 to 2042	5,321,000	2027 to 2041

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

10. Supplemental cash flow information

Changes in non-cash operating working capital during the year ended July 31, 2022 and July 31, 2021 were comprised of the following:

	July 31, 2022	July 31, 2021
	$	$
Prepaid expenses	(75,004)	(26,873)
Sales tax receivable	116,838	(167,533)
Accounts payable and accrued liabilities	252,656	607
Due to related parties	19,805	(8,405)
	314,295	(202,204)

The Company incurred non-cash financing and investing activities during the year ended July 31, 2022 and July 31, 2021 as follows:

	July 31, 2022	July 31, 2021
	$	$
Non-cash financing activities:		
Reserves on private placement warrants issued	-	57,300
Reserves on finders' units issued	-	(38,160)
Share capital reduced by flow-through premium liability	-	(127,635)
Residual value of warrants	-	(132,565)
Reserves on finders' warrants issued	-	(55,966)
	-	(297,026)
Non-cash investing activities:		
Common shares issued for acquisition of exploration and evaluation assets	100,000	360,000
Warrants issued for acquisition of exploration and evaluation assets	-	12,264
Deferred exploration expenditures included in accounts payable and related party payables	(282,249)	(307,249)
Common shares received for sale of mineral property	240,000	-
	57,751	65,015

During the years ended July 31, 2022 and July 31, 2021, no amounts were paid for interest or income tax expenses.

11. Financial risk management

Capital management

The Company is a resource exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at July 31, 2022 is comprised of shareholders' equity of $136,798 (July 31, 2021 – $2,871,526).

The Company currently has no source of revenues. In order to fund future projects and pay for general and administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets (see note 1). There were no changes to the Company's management of capital during the year ended July 31, 2022.

Financial instruments - fair value

The Company's financial instruments consist of cash, marketable securities, loan receivable, accounts payable and accrued liabilities, and due to related parties. The carrying value of accounts payable and accrued liabilities, and due to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

	Level 1 $	Level 2 $	Level 3 $	Total $
July 31, 2022				
Cash	330,639	-	-	330,639
Marketable securities	230,000	-	-	230,000
	560,639	**-**	**-**	**560,639**
July 31, 2021				
Cash	95,257	-	-	95,257
	95,257	-	-	95,257

11. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash and loan receivable. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. Management believes the loan receivable is recoverable based on the value of the underlying assets of the borrower.

(b) Interest rate risk

The Company is not exposed to interest risk as it does not hold financial securities or debt that would be impacted by fluctuating interest rates.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. See note 1 for further details.

(d) Market and currency risk

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in interest rates would not be material to the financial statements.

- Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables are held constant with an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended July 31, 2022 would not have changed as it had no US dollar denominated assets or liabilities.

- The Company had no hedging agreements in place with respect to foreign exchange rates.

12. Contingencies

Subsequent to the year ended July 31, 2022, the Company settled a statement of claim in respect of a mining property that the Company has abandoned. As at July 31, 2022, the Company has accrued $71,500 for claim maintenance fees that it has agreed to reimburse to the claimant.

In June 2021, the Company was served with a small claims summons by a former consultant of the Company in respect of a disputed payment of $20,000, and the Company was subsequently issued a judgement in respect of this claim. The Company has included this amount in accounts payable.

13. Commitments

Flow-through premium:

On March 11, 2020, the Company completed a private placement of flow-through units for gross proceeds of $385,454. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at July 31, 2021, all of the funds had been spent and accordingly, the Company recognized other income on settlement of the flow-through premium liability in the amount of $3,610.

On November 4, 2020, the Company completed a private placement of flow-through units for gross proceeds of $218,785. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at July 31, 2021, all of the funds had been spent and accordingly, the Company recognized other income on settlement of the flow-through premium liability in the amount of $23,030.

On December 31, 2020, the Company completed a private placement of flow-through units for gross proceeds of $82,500. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2020. As at July 31, 2021, approximately all of the funds had been spent and accordingly, the Company recognized other income on settlement of the flow-through premium liability in the amount of $13,026.

On February 11, 2021, the Company completed a private placement of flow-through units for gross proceeds of $415,000. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at July 31, 2021, all of the funds had been spent and accordingly, the Company recognized other income on settlement of the flow-through premium liability in the amount of $43,684.

On June 4, 2021, the Company completed a private placement of flow-through units for gross proceeds of $574,734. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at July 31, 2022, all of the funds had been spent and accordingly, the Company recognized other income on settlement of the flow-through premium liability in the amount of $2,948 (2021 - $44,947).

14. Subsequent events

Subsequent to the year ended July 31, 2022, the Company advanced an additional $964,575 to the third-party with whom the Company had previously entered into a right of exclusivity (“ROE”) agreement to acquire the Mallay mine in Peru and lent $200,000 as a demand loan at 8 per cent (see note 7).

On November 7, 2022, the Company announced that it has completed its previously announced non-brokered private placement on Nov. 4, 2022. A total of 43,501,300 units and 1,011,128 broker warrants were issued pursuant to the financing for gross proceeds of $1,522,546. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at five cents for a period of two years from the date of closing. The company paid finders' fees to qualified finders of $16,363 and issued 467,528 broker warrants, which are on the same terms as the warrants forming part of the units. Securities issued on this closing are subject to a statutory hold period until March 5, 2023.

In October 2022, the Company was served with a small claims summons by a former consultant of the Company in respect of a disputed payment of $64,255. The Company intends to dispute the claim, but has included this amount in accounts payable at July 31, 2022.

On November 8, 2022, the Company announced that it will change its name to Spark Energy Minerals Inc. This change of name aligns with St. Anthony Gold Corp.'s renewed mandate to pursue the acquisition and advancement of assets in the battery metal and materials sector.