FIRST TELLURIUM
Essential Metals for a Sustainable Future

FIRST TELLURIUM CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
First Tellurium Corp.

Opinion

We have audited the accompanying consolidated financial statements of First Tellurium Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated 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 consolidated 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred ongoing losses and that management believes that the Company's working capital at July 31, 2023, is not sufficient to finance operations through the next twelve months. As stated in Note 1, these events and conditions indicate that a material uncertainty exists 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 9 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $228,538 as of July 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments.
- Evaluating title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

November 27, 2023

FIRST TELLURIUM CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at July 31,

	Note	2023	2022
Assets			
Current Assets			
Cash		$ 193,839	$ 1,005,635
Receivables	4	123,921	40,786
Prepaid expenses	5,15	549,743	85,492
		867,503	1,131,913
Equipment	6	477,775	22,219
Right-of-use asset	7	-	6,800
Exploration and evaluation assets	9	228,538	129,095
Reclamation deposit	8	136,212	136,212
Investment in associated companies	10	2,970	38,820
		$ 1,712,998	**$ 1,465,059**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	11	$ 250,999	$ 186,065
Lease liability	7	-	6,891
Loans payable	12	182,000	182,000
Flow through premium liability	13	94,286	24,000
Due to related parties	15	22,943	2,151
		550,228	**401,107**
Shareholders' Equity			
Share capital	13	20,790,490	18,894,239
Share-based payments reserve		872,079	686,141
Share subscriptions	13	13,840	13,840
Share subscriptions receivable	13	(32,000)	(32,000)
Deficit		(20,461,408)	(18,498,268)
Equity attributable to shareholders of the Company		**1,183,001**	**1,063,952**
Non-controlling interest	14	**(20,231)**	**-**
		1,162,770	**1,063,952**
		$ 1,712,998	**$ 1,465,059**

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 20)

On behalf of the Board:

" Tyrone Docherty "
Director

"Tony Fogarassy "
Director

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

FIRST TELLURIUM CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended July 31

	Note	2023	2022
Expenses			
Advertising and promotion		$ **377,145**	$ **601,997**
Consulting fees	15	**132,000**	**117,150**
Depreciation	6,7	**11,159**	**7,960**
Equity loss pick-up	10	**463**	**12,665**
Exploration and evaluation expenditures	9	**302,381**	**8,703**
Impairment of equity investment		**35,387**	**-**
Interest expense	7,12	**28,921**	**42,681**
Investor relations and shareholder information		**386,255**	**580,992**
Management fees	15	**308,000**	**201,000**
Office and miscellaneous	15	**53,560**	**48,647**
Professional fees		**89,165**	**58,887**
Research and development	14	**41,288**	**-**
Regulatory and filing fees		**59,438**	**80,755**
Reversal of flow-through premium		**(39,714)**	**-**
Share-based payments	13,15	**185,938**	**156,233**
Travel		**11,985**	**165**
Loss and comprehensive loss for the year		**$ (1,983,371)**	**$ (1,917,835)**
Loss and comprehensive loss attributed to:			
Shareholders of the Company		(1,963,140)	(1,917,835)
Non-controlling interest	14	(20,231)	-
Loss and comprehensive loss for the year		**(1,983,371)**	(1,917,835)
Basic and diluted loss per share		**$ (0.02)**	**$ (0.04)**
Weighted average shares outstanding		**79,665,928**	**47,762,899**

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

FIRST TELLURIUM CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Number of common shares	**Share Capital**	**Share Subscriptions Receivable**	**Share Subscriptions**	**Share-based payments reserve**	**Deficit**	**Non-controlling interest**	**Total equity (deficiency)**
Balance, July 31, 2021	**32,243,431**	**$ 15,530,514**	**$ -**	**$ 13,840**	**$ 529,908**	**$ (16,580,433)**	**$ -**	**$ (506,171)**
Private placements	22,950,000	1,944,000	(2,000)	-	-	-	-	1,942,000
Flow-through premium	-	(24,000)	-	-	-	-	-	(24,000)
Share issue costs – cash	-	(3,525)	-	-	-	-	-	(3,525)
Exercise of warrants	14,057,500	1,406,250	(30,000)	-	-	-	-	1,376,250
Exercise of stock options	400,000	41,000	-	-	-	-	-	41,000
Share based compensation	-	-	-	-	156,233	-	-	156,233
Loss and comprehensive loss for the year	-	-	-	-	-	(1,917,835)	-	(1,917,835)
Balance, July 31, 2022	**69,650,931**	**$ 18,894,239**	**$ (32,000)**	**$ 13,840**	**$ 686,141**	**$ (18,498,268)**	**$ -**	**$ 1,063,952**
Private placements	14,056,000	1,515,600	-	-	-	-	-	1,515,600
Finders' shares	319,900	36,789	-	-	-	-	-	36,789
Flow-through premium	-	(110,000)	-	-	-	-	-	(110,000)
Share issue costs –	-	(41,357)	-	-	-	-	-	(41,357)
Exercise of warrants	293,500	35,220	-	-	-	-	-	35,220
Asset acquisition	2,000,000	460,000	-	-	-	-	-	460,000
Share based compensation	-	-	-	-	185,938	-	-	185,938
Loss and comprehensive loss for the year	-	-	-	-	-	(1,963,140)	(20,231)	(1,983,371)
Balance, July 31, 2023	**86,320,331**	**$ 20,790,490**	**$ (32,000)**	**$ 13,840**	**$ 872,079**	**$ (20,461,408)**	**$ (20,231)**	**$ 1,162,770**

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

FIRST TELLURIUM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended July 31,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
		$
Loss for the year	$ (1,983,371)	(1,917,835)
Items not involving cash:		
Depreciation	11,068	7,960
Equity loss pick up	463	12,664
Share-based payments	185,938	156,233
Interest expense	28,921	41,682
Impairment of equity investments	35,387	-
Reversal of flow-through premium	(39,714)	-
Changes in non-cash working capital balances:		
Decrease (increase) in receivables	(83,135)	(20,562)
Decrease (increase) in prepaid expenses	(464,251)	(84,411)
Increase (decrease) in due to related parties	20,792	(348,814)
Increase (decrease) in accounts payable and accrued liabilities	36,864	(40,624)
Cash flows used in operating activities	(2,251,038)	(2,193,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from equity investment	-	(14,700)
Property option payment and staking	(99,443)	(65,325)
Reclamation deposit	-	(51,000)
Additions to equipment	-	(19,100)
Cash flows used in financing activities	(99,443)	(150,125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital pursuant to private placement	1,515,600	1,942,000
Exercise of warrants	35,220	1,376,250
Share issue costs	(4,569)	(3,525)
Exercise of stock options	-	41,000
Lease payments	(7,566)	(8,762)
Cash flows provided from financing activities	1,538,685	3,346,963
Increase (decrease) in cash during year	(811,796)	1,003,131
Cash, beginning of year	1,005,635	2,504
Cash, end of year	$ 193,839	$ 1,005,635

Supplemental non-cash investing and financing activities:

Shares subscriptions receivable	-	32,000
Flow-through premium allocation	110,000	24,000
Issuance of shares for asset acquisition	460,000	-
Lease recognition	-	8,186
Shares for finders’ fee	36,789	-

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

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

First Tellurium Corp. ("First Tellurium" or the "Company") was incorporated under the *Business Corporations Act* (Canada) and continued into British Columbia pursuant to the *Business Corporations Act* (British Columbia, Canada). The Company's head office and principal place of business is 381 – 1440 Garden Place, Delta, British Columbia, Canada. The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, Canada and trades on the Canadian Securities Exchange under the symbol "FTEL". The Company has interests in exploration and evaluation assets in British Columbia, Canada and Colorado, USA and its principal business is the exploration of those assets.

These consolidated financial statements are 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 in the foreseeable future. Management believes that the Company's working capital at July 31, 2023, is not sufficient to finance operations through the next twelve months. The Company has incurred ongoing losses. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at July 31, 2023.

The consolidated financial statements were authorized by the Audit Committee and Board of Directors of the Company on November 27, 2023.

Basis of measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain financial instruments.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The use of estimates, judgments and assumptions are all interrelated. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTE 2 – BASIS OF PRESENTATION *(continued)*

Estimates, judgments and assumptions that could have a significant impact on the amounts recognized in the financial statements are summarized below. Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from these estimates.

Basis of consolidation

The consolidated financial statements include the financial statements of First Tellurium Corp. and 1406975 BC Ltd. On April 12, 2023 the Company established and retained 510 common shares of 1406975 BC Ltd. representing a 51% interest. Upon acquisition, 1406975 BC Ltd. became a direct subsidiary of First Tellurium and, as such, is consolidated from the date of acquisition.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) **Investment in associated company**

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting period the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. The Company has considered its ownership positions in Cheona Metals Inc. and Cheona Health Inc. and concluded that because it does not have the ability to control the key operating activities of either entity, it does not have control and should account for them as equity investments (Note 10).

The Company accounts for its investments in associated companies over which it has significant influence using the equity method of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

b) **Basis of consolidation:**

The subsidiary is consolidated from the date of acquisition and continues to be consolidated until the date that such control ceases. Non-controlling interest represents equity interests in subsidiaries owned by outside parties. Their share of total comprehensive loss is recognized directly in equity. The financial statements of the subsidiary are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

c) **Equipment:**

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets on the declining balance basis at the following annual rates:

Furniture, fixtures and equipment	20% declining balance

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) **Equipment (continued)**

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

d) **Exploration and evaluation assets:**

Upon acquiring the legal right to explore an exploration and evaluation asset, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures are expensed as incurred.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to profit or loss during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

e) **Restoration, rehabilitation and environmental obligations:**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the Company operates.

A liability is recognized for legal obligations relating to the restoration, rehabilitation and retirement of property, plant or equipment obligations arising from the acquisition, construction, development or normal operation of those assets. Such decommissioning liabilities are recognized at fair value, when a reasonable estimate of fair value can be made, in the period in which the liability is incurred. A corresponding increase to the carrying amount of the related asset where one is identifiable is recorded and amortized over the life of the asset. Where a related asset is not easily identifiable with a liability, the change in fair value over the course of the year is expensed. The amount of the liability is subject to re-measurement at each reporting period. The estimates are based principally on legal and regulatory requirements.

It is possible that the Company's estimate of its ultimate reclamation liabilities could change as a result of changes in regulations; the extent of environmental remediation required or completed and the means of reclamation or changes in cost estimates. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised.

f) **Related party transactions:**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

g) **Share-based compensation:**

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the periods during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based compensation to non-employees, who are not providing similar services to employees, are measured at the grant date by using the fair value of the goods or services when received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services received cannot be reliably measured.

h) **Income taxes:**

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. No deferred tax assets have been recognized for the years presented.

i) **Earnings (loss) per share:**

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) **Financial instruments:**

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value Through Profit or Loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in profit or loss. Gains and losses arising from changes in fair value are presented in profit or loss within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss (“FVTPL”) are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

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. Cash, receivables and reclamation deposits are classified as amortized cost.

Financial Liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company’s financial liabilities include accounts payable and accrued liabilities, loans payable, lease liability and due to related parties which are classified at amortized cost.

Impairment of financial assets

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

Impairment of non-financial assets

The Company’s assets are reviewed for indications of impairment at each statement of financial position’s date. If indication of impairment exists, the asset’s recoverable amount is estimated.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) **Financial instruments** *(continued)***:**

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis.

j) **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use asset is depreciated over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments include fixed payments that are based on a rate.

k) **Provisions**

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) **Investment in associated company**

The Company accounts for its long term investments in affiliated companies over which it has significant influence using the equity basis of accounting, whereby the investment is initially recorded at cost, and increased for any capital additions (including long terms advances where repayment is unlikely) adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments include:

- Significant financial difficulty of the associated companies;
- Becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or,
- National or local economic conditions that correlate with defaults of the associated companies.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Valuation of equity units issued in private placements and flow-through shares

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 fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded in reserves.

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the proceeds received for flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. When the qualifying resource expenditures are renounced the Company derecognizes the liability and the premium is recognized as other income.

n) R&D Expenses

Research and development expenses include the research, development and pre-production of prototypes. Such costs relate to prototype research and development are included in research and development expense. All costs attributable to this activity are expensed until such time as the Company can demonstrate technical feasibility and derive future economic benefits.

o) New accounting standards

There were no new accounting standards or amendments to standards that were applicable to the Company for the year ended July 31, 2023 nor does the Company expect any that have not yet become effective to have a significant impact on its financial statements

NOTE 4 – RECEIVABLES

	As at July 31, 2023	As at July 31, 2022
Amounts due from the Government of Canada pursuant to GST input tax credits	$ 88,250	$ 40,786
Amounts due from vendor	35,671	-
Total	$ 123,921	$ 40,786

NOTE 5 – PREPAID EXPENSES

	As at July 31, 2023	As at July 31, 2022
Prepaid expenses	$ 106,943	$ 85,492
Prepaid exploration expenses	442,800	-
Total	$ 549,743	$ 85,492

NOTE 6 – EQUIPMENT

	Equipment
Cost:	
Balance at July 31, 2021	$ 23,753
Additions	19,100
Balance at July 31, 2022	$ 42,853
Additions	460,000
Balance at July 31, 2023	$ 502,853
Accumulated depreciation:	
Balance at July 31, 2021	19,923
Depreciation	711
Balance at July 31, 2022	$ 20,634
Depreciation	4,444
Balance at July 31, 2023	$ 25,078
Carrying amounts:	
July 31, 2022	$ 22,219
July 31, 2023	$ 477,775

As at July 31, 2023, the acquired diamond drill with a cost of $460,000 was in transit and not yet available for use, accordingly no depreciation has been taken on the asset.

NOTE 7 – RIGHT-OF-USE ASSET AND LEASE LIABILITY

	ROU asset	Lease liability
Balance at July 31, 2021	5,864	5,942
Depreciation expense	(7,250)	-
Lease extension	8,186	8,815
Interest expense	-	896
Payments	-	(8,762)
Balance at July 31, 2022	$ 6,800	$ 6,891
Depreciation expense	(6,800)	-
Interest expense	-	675
Payments	-	(7,566)
Balance at July 31, 2023	$ -	$ -

NOTE 8 – RECLAMATION DEPOSIT

The Company provided funding for deposits as security against potential future reclamation work related to the Deerhorn property (Note 9).

	As at July 31, 2023	As at July 31, 2022
Reclamation deposit: Deerhorn property	$ 136,212	$ 85,212

NOTE 9 – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation acquisition costs

	2021	Additions	2022	Additions	2023
Deer Horn	$ -	$ -	$ -	$ -	$ -
Colorado Klondike	63,770	65,325	129,095	99,443	228,538
	$ 63,770	$ 65,325	$ 129,095	$ 99,443	$ 228,538

Exploration and evaluation expenditures

	Deerhorn	Colorado Klondike	July 31, 2023	July 31, 2022
Assays	$ 14,061	$ 23,685	37,746	$ -
Camp and field supply	6,422	6,394	12,816	-
Geological consulting	74,782	63,114	137,896	1,597
Travel	93,735	8,101	101,836	-
Other	3,600	8,487	12,087	7,106
Total exploration expense	$ 192,600	$ 109,781	$ 302,381	$ 8,703

Deerhorn property

The Company owns a 50% interest in the Deerhorn property, located in north western British Columbia, acquired from a company related by virtue of common directors. It may acquire an additional 25% interest by incurring all costs required to bring the property to commercial production.

Colorado Klondike property

During fiscal 2021, the Company entered into an option agreement to acquire a 100% interest in the Colorado Klondike property, located in south-central Colorado, USA, from Colorado Klondike LLC. The terms of the agreement include consideration for an aggregate US$260,000 (approximately US$50,000 per year) cash and the incurrence of an aggregate US$300,000 in exploration expenditures on the property within five years, at which time the option may be fully exercised upon an additional payment of US$1,200,000, or the higher real estate appraised value, to a maximum of US$1,500,000. Upon full exercise of the option Colorado Klondike LLC will retain a 3% net smelter returns royalty ("NSR"), with the Company reserving the right to buy-back a 1% NSR for consideration of US$1,000,000. The Company will also be required to pay an advance royalty payment of US$60,000 per annum commencing on the first anniversary of the completion of the acquisition. The Company has paid an initial US$50,000 ($63,770), first year payment of US$50,000 ($65,325) and second year payment US$50,000 ($69,910) to the Optionor. For the year ended July 31, 2023, the Company also incurred other staking costs of $$29,533 (2022 - $nil).

NOTE 10 – INVESTMENT IN ASSOCIATED COMPANIES

The Company has a 49% investment in two private companies, Cheona Metals Inc. and Cheona Health Inc., which are classified as long-term investments. As the Company owns a 49% interest in each entity and maintains significant influence, but not control, the Company accounts tor these investments under the equity method. Cheona Health Inc. is inactive and valued at $nil.

The following table is a reconciliation of the investment in Cheona Metals Inc.:

Investment in Cheona Metals Inc.	
Balance at July 31, 2021	$ 36,785
Distribution	14,700
Share of loss	(12,665)
Balance at July 31, 2022	$ 38,820
Share of loss	(463)
Impairment	(35,387)
Balance at July 31, 2023	$ 2,970

The following table summarizes Cheona Metals Inc.'s statement of financial position:

As at July 31,	2023	2022
Current assets	$ 22,244	$ 23,054
Current liabilities	(57,500)	(57,500)
Net liabilities at July 31,	$ (35,256)	$ (34,446)

The following table summarizes Cheona Metals Inc.'s income and expenses for the year

As at July 31,	2023	2022
Income	$ -	$ -
Expenses	(463)	(25,844)
Loss for the year	$ (463)	$ (25,844)

The following table summarizes Cheona Health Inc.'s statement of financial position:

As at July 31,	2023	2022
Current assets	$ 596	$ 556
Current liabilities	(13,410)	(12,433)
Net liabilities at July 31,	$ (12,814)	$ (11,877)

The following table summarizes Cheona Health Inc.'s income and expenses for the year:

As at July 31,	2023	2022
Income	$ -	$ -
Expenses	(946)	(2)
Loss for the year	$ (946)	$ (2)

No loss pickup is recorded for Cheona Health Inc. as the investment is carried at $nil.

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31, 2023	As at July 31, 2022
Trade payables	$ **80,346**	$ **35,598**
Other accrued liabilities	**170,653**	**150,467**
Total	$ **250,999**	$ **186,065**

NOTE 12 – LOANS PAYABLE

In fiscal 2016 the Company issued debenture loans in the principal amount of $182,000. The loans bear an annual interest rate of 10% and matured on March 2, 2021. The Company recorded interest expense of $28,246 (2022 - $40,158) in relation to the accrued interest on the debenture loans and is included in accounts payable and accrued liabilities.

In fiscal 2018, the Company made the required interest payments under the loan agreements, however the Company has not received a waiver of non-payment, accordingly; the loans have been presented as current. Interest payments for the further periods remain outstanding. The Company is therefore currently in default for interest payments due.

NOTE 13 – SHARE CAPITAL

a) **Authorized:** An unlimited number of common shares without par value.

b) **Share issuance:**

Fiscal 2023

On November 18, 2022, the Company completed the first tranche of a non-brokered private placement, issuing 400,000 units at a price of $0.10 per unit and 2,600,000 flow-through shares at a price of $0.14 per flow-through share for aggregate proceeds of $404,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.15 per share for a period of two years. No value was attributed to the warrant portion of the units. The Company recorded a flow through share premium liability of $104,000 in connection with the issuance of the flow-through shares.

On December 21, 2022, the Company completed the second tranche of a non-brokered private placement, issuing 9,656,000 units at a price of $0.10 per unit and 150,000 flow-through shares at a price of $0.14 per flow-through share for aggregate proceeds of $986,600. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.15 per share for a period of two years. No value was attributed to the warrant portion of the units. The Company recorded a flow through share premium liability of $6,000 connection with the issuance of the flow-through shares. The Company paid a cash finder's fee of $1,500, other issuance costs of $3,069 and issued 319,900 common shares valued at $36,789 were issued in connection with the second tranche close.

On January 3, 2023, the Company completed the third and final tranche of a non-brokered private placement, issuing 1,250,000 units at a price of $0.10 per unit for total proceeds of $125,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.15 per share for a period of two years. No value was attributed to the warrant portion of the units.

On February 10, 2023, the Company issued 2,000,000 common shares at fair value of $0.23 per share as consideration for the acquisition of a diamond drill (Note 6).

NOTE 13 – SHARE CAPITAL *(continued)*

b) **Share issuance (continued):**

Fiscal 2023 (continued)

During fiscal 2023, the Company issued 293,500 common shares on the exercise of warrants for gross proceeds of $35,220.

Fiscal 2022

On October 15, 2021, the Company completed the first tranche of a non-brokered private placement, issuing 5,825,000 units at a price of $0.08 per unit for total proceeds of $466,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.12 per share for a period of two years. No value was attributed to the warrant portion of the units.

On November 2, 2021, the Company completed the second tranche of a non-brokered private placement, issuing 6,350,000 units at a price of $0.08 per unit for total proceeds of $508,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.12 per share for a period of two years. No value was attributed to the warrant portion of the units.

On November 16, 2021, the Company completed the third tranche of a non-brokered private placement, issuing 3,000,000 units at a price of $0.08 per unit for total proceeds of $240,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.12 per share for a period of two years. No value was attributed to the warrant portion of the units.

On November 26, 2021, the Company completed the fourth and final tranche of a non-brokered private placement, issuing 7,375,000 units at a price of $0.08 per unit for total proceeds of $590,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.12 per share for a period of two years. No value was attributed to the warrant portion of the units. The Company incurred $3,525 in share issuance costs in connection with the private placement. In connection with this final tranche, a subscription receivable of $2,000 has been recorded.

On December 30, 2021, the Company completed a non-brokered private placement, issuing 400,000 flow-through units at a price of $0.35 per unit for total proceeds of $140,000. Each unit consisted of one flow-through common share and one common share purchase warrant exercisable at $0.45 per share for a period of two years. No value was attributed to the warrant portion of the units. The Company recorded a flow through share premium liability of $24,000 in connection with the issuance of the flow-through shares.

During fiscal 2022 the Company issued 14,057,500 common shares on the exercise of warrants and 400,000 common shares on the exercise of stock options for gross proceeds of $1,447,250 of which $30,000 is included in subscriptions receivable.

c) **Stock options**

The Company is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company, on a rolling basis. Options may be granted at an exercise price of no less than a 25% discount of the market price on the date of the grant, or such higher price as determined by the board of directors. Options can be granted for a maximum term of ten years. Vesting may be set on an individual basis as determined by the board of directors.

As at July 31, 2023, all outstanding stock options were vested and exercisable, with a weighted average exercise price of $0.12.

NOTE 13 – SHARE CAPITAL *(continued)*

c) **Stock options (continued):**

The continuity for stock options for the year ended July 31, 2023, is as follows:

Number outstanding July 31, 2022	Granted	Exercised	Expired/ Cancelled	**Number outstanding July 31, 2023**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
750,000	-	-	-	**750,000**	$0.14	April 5, 2028	4.68
1,050,000	-	-	-	**1,050,000**	$0.10	March 6, 2030	6.60
150,000	-	-	-	**150,000**	$0.10	August 6, 2030	7.02
750,000	-	-	-	**750,000**	$0.11	October 1, 2031	8.18
600,000	-	-	-	**600,000**	$0.11	October 18, 2031	8.22
-	100,000	-	-	**100,000**	$0.19	August 22, 2032	9.07
-	1,200,000	-	-	**1,200,000**	$0.14	December 30, 2032	9.42
3,300,000	1,300,000	-	-	**4,600,000**	$0.12	*(weighted average)*	7.56
				Exercisable			
$0.11	$0.14	-	-	**4,141,666**	$0.12	*(weighted average)*	-

The continuity for stock options for the year ended July 31, 2022 is as follows:

Number outstanding July 31, 2021	Granted	Exercised	Expired/ Cancelled	**Number outstanding July 31, 2022**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
850,000	-	(100,000)	-	**750,000**	$0.14	April 5, 2028	5.68
100,000	-	(100,000)	-	**-**	$0.05	January 27, 2030	-
1,050,000	-	-	-	**1,050,000**	$0.10	March 6, 2030	7.60
150,000	-	-	-	**150,000**	$0.10	August 6, 2030	8.02
-	850,000	(100,000)		**750,000**	$0.11	October 1, 2031	9.17
-	700,000	(100,000)		**600,000**	$0.11	October 18, 2031	9.22
2,150,000	1,550,000	(400,000)	-	**3,300,000**	$0.11	*(weighted average)*	7.84
				Exercisable			
$0.11	$0.11	$0.10	-	**3,300,000**	$0.11	*(weighted average)*	-

d) **Share-based compensation**

Fiscal 2023

The fair value of 100,000 options granted on August 19, 2022 with an exercise price of $0.19 was determined using a risk free interest rate of 3.1%, an expected volatility of 182%, an expected life of ten years and an expected dividend rate of zero, resulting in a fair value of $20,422 or $0.20 per option share.

The fair value of 1,200,000 options granted on December 30, 2022 with an exercise price of $0.14 was determined using a risk free interest rate of 3.28%, an expected volatility of 185%, an expected life of ten years and an expected dividend rate of zero, resulting in a fair value of $164,976 or $0.10 per option share.

NOTE 13 – SHARE CAPITAL *(continued)*

d) **Share-based compensation (Continued)**

Fiscal 2022

The fair value of 850,000 options granted on October 1, 2021 with an exercise price of $0.11 was determined using a risk free interest rate of 1.47%, an expected volatility of 197%, an expected life of ten years and an expected dividend rate of zero, resulting in a fair value of $93,346 or $0.11 per option.

The fair value of 700,000 options granted on October 18, 2021 with an exercise price of $0.11 was determined using a risk free interest rate of 1.58%, an expected volatility of 198%, an expected life of ten years and an expected dividend rate of zero, resulting in a fair value of $62,887 or $0.09 per option.

e) **Share-purchase warrants:**

The continuity for share purchase warrants for the year ended July 31, 2023 is as follows:

Number outstanding July 31, 2022	Granted	Exercised	Expired/ Cancelled	**Number outstanding July 31, 2023**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
200,000	-	-	(200,000)	**-**	$0.10	November 6, 2022	-
1,200,000	-	-	(1,200,000	**-**	$0.10	December 11, 2022	-
5,825,000	-	(168,500)	-	**5,656,500**	$0.12	October 13, 2023	0.20*
6,350,000	-	-	-	**6,350,000**	$0.12	October 29, 2023	0.25*
3,000,000	-	(125,000)	-	**2,875,000**	$0.12	November 12, 2023	0.28*
7,350,000	-	-	-	**7,350,000**	$0.12	November 26, 2023	0.32*
400,000	-	-	-	**400,000**	$0.45	December 30, 2023	0.47
-	400,000	-	-	**400,000**	$0.15	November 17, 2024	1.30
-	9,656,000	-	-	**9,656,000**	$0.15	December 21, 2024	1.39
-	1,250,000	-	-	**1,250,000**	$0.15	January 3, 2025	1.43
24,325,000	11,306,000	(293,500)	(1,400,000)	**33,937,500**	$0.13	*(weighted average)*	0.64
	$0.15	$0.12	$0.10	Exercisable **33,937,500**	$0.13	-	-

**Warrant expiry extended to March 31, 2024, subsequent to year end. All other exercise terms remain unchanged.*

NOTE 13 – SHARE CAPITAL *(continued)*

e) **Share-purchase warrants: (continued)**

The continuity for share purchase warrants for the year ended July 31, 2022 is as follows:

Number outstanding July 31, 2021	Granted	Exercised	Expired/ Cancelled	**Number outstanding July 31, 2022**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
2,182,500	-	(2,082,500)	(100,000)	**-**	$0.10	January 27, 2022	-
3,050,000	-	(2,750,000)	(300,000)	**-**	$0.10	March 13, 2022	-
1,300,000	-	(1,300,000)	-	**-**	$0.10	February 26, 2022	-
1,600,000	-	(1,600,000)	-	**-**	$0.10	February 19, 2022	-
2,300,000	-	(2,300,000)	-	**-**	$0.10	February 19, 2022	-
2,000,000	-	(1,600,000)	(400,000)	**-**	$0.10	June 1, 2022	-
1,000,000	-	(1,000,000)	-	**-**	$0.10	November 6, 2022	0.27*
1,600,000	-	(1,400,000)	-	**200,000**	$0.10	November 6, 2022	0.27*
1,200,000	-	-	-	**1,200,000**	$0.10	December 11, 2022	0.36
-	5,825,000	-	-	**5,825,000**	$0.12	October 13, 2023	1.20
-	6,350,000	-	-	**6,350,000**	$0.12	October 29, 2023	1.25
-	3,000,000	-	-	**3,000,000**	$0.12	November 12, 2023	1.28
-	7,375,000	(25,000)	-	**7,350,000**	$0.12	November 26, 2023	1.32
-	400,000	-	-	**400,000**	$0.45	January 17, 2024	1.47
16,232,500	22,950,000	(14,057,500)	(800,000)	**24,325,000**	$0.12	*(weighted average)*	1.22
$0.10	$0.13	$0.10	$0.10	Exercisable **24,325,000**	$0.12	-	-

**expired subsequent to year end, unexercised.*

In connection with the exercise of warrants during fiscal 2022, a subscription receivable of $30,000 has been recorded.

NOTE 14 – NON-CONTROLLING INTEREST

The following table presents the changes in equity attributable to the 49% non-controlling interest in 1406975 BC Ltd.:

	2023	2022
Balance, beginning of year	$ -	$ -
Share of loss for the year	(20,231)	
	$ (20,231)	$ -

Total loss for the year ended July 31, 2023 for 1406975 BC Ltd. was $41,288 which comprised R&D expenses.

NOTE 14 – NON-CONTROLLING INTEREST *(continued)*

The following table presents the non-controlling interest as at July 31, 2023 and 2022:

	2023	2022
Assets	$ 3,712	$ -
Liabilities	(45,000)	-
Net assets	(41,288)	
Non-controlling interest (49%)	(20,231)	-

NOTE 15 – RELATED PARTY TRANSACTIONS

a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers, directors or close family members of those individuals as follows:

Name	Nature of transactions
Docherty Capital Corp. (Tyrone Docherty)	Management fees charged as CEO, expense allowances, share-based compensation
Saulnier Business Consulting LLP (Pamela Saulnier)	Management fees charged as CFO, expense allowances, share-based compensation
Josef Fogarassy	Consulting fees charged by a director, expense allowances, share-based compensation
Allen Schwabe	Directors fees
Matt Wayrynen	Directors fees

The Company incurred the following fees with individuals and / or companies owned, or partially owned, by key management which the Company defines as officers and directors.

For the year ended	July 31, 2023	July 31, 2022
Management fees CEO	$ 240,000	$ 165,000
Management bonus CEO	20,000	-
Management fees CFO	48,000	36,000
Consulting fees	60,000	60,000
Rent (included in office and miscellaneous)	18,000	18,000
Share-based compensation	69,800	52,911
Total	$ 455,800	$ 331,911

NOTE 15 – RELATED PARTY TRANSACTIONS *(continued)*

The Company owes amounts to key management personnel and other related parties as follows:

	As at July 31, 2023		As at July 31, 2022	
Due to key management or companies controlled by key management personnel	$	22,943	$	2,151
Total	$	22,943	$	2,151

Balances owed to related parties are unsecured and non-interest bearing. Included in prepaid expenses $57,431 (2022 - $57,431) paid to key management.

The Company's lease (Note 7) is for a vehicle used by the Company's CEO.

NOTE 16 – SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of exploration and evaluation assets in Canada and the United States, as described in note 9. Other long-term assets attributable to the geographical locations relate primarily to equipment and reclamation deposits in Canada.

NOTE 17 – INCOME TAXES

A reconciliation of current income taxes at statutory rates with reported taxes is as follows:

		2023		2022
Loss for the year	$	(1,983,371)	$	(1,917,835)
Expected income tax (recovery)		(536,000)		(518,000)
Change in statutory rates, and other		9,000		(11,000)
Permanent difference		39,000		47,000
Impact of flow-through shares		52,000		-
Share issue cost		(11,000)		(1,000)
Change in unrecognized deductible temporary differences		447,000		483,000
Deferred income tax recovery	$	-	$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial positions are as follows:

		2023		2022
Share issue costs	$	10,000	$	2,000
Allowable capital losses		513,000		513,000
Non-capital losses		3,807,000		3,407,000
Equipment		10,000		3,000
Investments		7,000		2,000
Exploration and evaluation assets		1,089,000		1,062,000
Unrecognized deferred tax assets	$	5,436,000	$	4,989,000

The Company has non-capital losses of approximately $14,101,000 (2022 - $12,618,000) available for deduction against future taxable income. These losses, if not utilized, will expire through to 2043. The Company has resource expenditures of approximately $3,226,000 (2022 - $3,128,000) available for deduction against future taxable income. Deferred tax benefits which may arise as a result of these tax assets have not been recognized in these consolidated financial statements as it is not probable that they will be realized.

NOTE 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value (“FV”) hierarchy has the following levels:

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and

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

The Company`s financial instruments consist of cash, receivables, reclamation deposit, accounts payable and accrued liabilities, loans payable, lease liability and due to related parties.

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, receivables, reclamation deposit, accounts payable and accrued liabilities, loans payable, lease liability and due to related parties approximate their fair value because of the short term nature of these instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company’s exposure to credit risk includes cash, receivables and deposits. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company’s receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise required funding through future equity issuances or debt financings. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

NOTE 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Interest rate risk

The Company has cash balances and debt. The Company's current policy is to invest excess cash in investment grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company is marginally exposed to interest rate risk.

Foreign currency risk

The Company is not exposed to foreign currency risk.

Commodity price risk

The Company is nominally exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

NOTE 19 – CAPITAL MANAGEMENT

The Company manages common shares, stock options, and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company does not pay out dividends at this time. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand, balances with banks and investments in highly liquid instruments, if any. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents as the fair value approximates carrying value. There have been no changes to the Company's approach to capital management during the year ended July 31, 2023. The Company is not subject to externally imposed capital requirements.

NOTE 20 – SUBSEQUENT EVENT

Subsequent to July 31, 2023, the Company:

- Closed the first tranche of a private placement, issuing 1,690,000 flow-through shares at a price of $0.12 per flow-through share for gross proceeds of $202,800 and 1,890,000 units at a price of $0.10 per unit for gross proceeds of $189,000. Each unit comprises one common share and one share purchase warrant, with each whole warrant exercisable at a price of $0.15 for a period of two years.