AMERICAN POTASH CORP.

(Formerly New Tech Minerals 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 American Potash Corp.

Opinion

We have audited the consolidated financial statements of American Potash Corp. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity 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, 2023 and 2022, 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, along with other matters as set forth in Note 1, that 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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.

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 period 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 Heather McGhie.

Yours truly,

DMCL.

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

November 28 2023

AMERICAN POTASH CORP. (Formerly New Tech Minerals Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	July 31, 2023	July 31, 2022
ASSETS		**$**	**$**
Current			
Cash		234,997	91,489
Prepaid expenses		262,200	31,256
Receivables	**4**	9,397	29,062
Total current assets		506,594	151,807
Non-current assets			
Deposits	**5**	427,885	-
Exploration and evaluation assets	**5**	-	959,595
Total non-current assets		427,885	959,595
Total assets		934,479	1,111,402
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**6**	89,364	67,879
Total liabilities		89,364	67,879
SHAREHOLDERS' EQUITY			
Equity attributable to shareholders			
Share capital	**8**	11,638,258	10,695,095
Share-based payment reserve	**8**	1,710,773	1,531,176
Warrant reserve	**8**	965,452	919,015
Foreign translation reserve		352,982	314,545
Accumulated deficit		(13,822,350)	(12,416,308)
Total equity		845,115	1,043,523
Total liabilities and equity		934,479	1,111,402

Nature of operations and going concern – Note 1
Commitments – Note 10
Subsequent events – Note 15

On behalf of the board:

"Kenneth Holmes" — Kenneth Holmes

"Jonathan George" — Jonathan George

AMERICAN POTASH CORP. (Formerly New Tech Minerals Corp.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	July 31, 2023	July 31, 2022
		$	$
General and administrative expenses			
Exploration expenditures	**5**	19,609	133,474
Foreign exchange loss		11,021	13,189
Interest expense and bank charges	**7**	14,147	3,749
Investor relations, website and marketing		18,670	2,761
Management fees	**9**	77,500	60,000
Office and administration		3,898	2,967
Professional fees		134,404	78,450
Share-based payments	**8,9**	179,597	79,878
Transfer agent and filing fees		33,861	27,880
Travel and entertainment		2,684	1,533
		(495,391)	(403,881)
Other income (expenses)			
Other income	**5**	107,967	43,396
Impairment of exploration and evaluation assets	**5**	(1,018,618)	-
Net loss		(1,406,042)	(360,485)
Other comprehensive income			
Foreign currency translation		38,437	7,855
Total comprehensive loss		(1,367,605)	(352,630)
Loss per share, basic and diluted		(0.02)	(0.01)
Weighted average common shares outstanding - basic and diluted		71,555,194	66,699,381

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

AMERICAN POTASH CORP. (Formerly New Tech Minerals Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	July 31, 2023	**July 31, 2022**
	$	$
Cash provided by (used in):		
Operating activities:		
Net loss for the year	(1,406,042)	(360,485)
Non-cash items:		
Interest expense settled through the issuance of shares	2,400	-
Share-based payments	179,597	79,878
Impairment of exploration and evaluation assets	1,018,618	-
Changes in non-cash working capital:		
GST receivable and accounts receivable	19,665	(27,879)
Prepaid expenses	(230,944)	(20,913)
Accounts payable and accrued liabilities	21,485	29,665
	(395,221)	(299,734)
Investing activities:		
Exploration and evaluation assets	(19,727)	(602,207)
Reclamation deposit	(427,885)	-
	(447,612)	(602,207)
Financing activities:		
Proceeds from promissory notes	120,000	-
Repayment of promissory notes	(80,000)	-
Shares issued for cash (net of share issue costs)	947,200	917,534
	987,200	917,534
Effect of exchange rate changes	(859)	(7,314)
Net change in cash	143,508	8,279
Cash, beginning of year	91,489	83,210
Cash, end of year	234,997	91,489
Non-cash transactions		
Shares issued for acquisition of mineral properties	-	75,000
Shares issued for debt settlement	42,400	-

AMERICAN POTASH CORP. (Formerly New Tech Minerals Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Common Shares						
	Notes	Number of Shares	Amount	Share-based Payment Reserve	Warrant Reserve	Foreign Translation Reserve	Accumulated Deficit	Total Equity
			$	$	$	$	$	$
Balance on July 31, 2021		**48,014,449**	**9,767,676**	**1,451,298**	**853,900**	**306,690**	**(12,055,823)**	**323,741**
Shares issued for mineral properties	**5,8**	1,500,000	75,000	-	-	-	-	75,000
Shares issued for private placement	**8**	20,200,000	1,010,000	-	-	-	-	1,010,000
Share issue costs		-	(157,581)	-	65,115	-	-	(92,466)
Share-based payments	**8**	-	-	79,878	-	-	-	79,878
Net loss for the year		-	-	-	-	-	(360,485)	(360,485)
Foreign currency translation		-	-	-	-	7,855	-	7,855
Balance on July 31, 2022		**69,714,449**	**10,695,095**	**1,531,176**	**919,015**	**314,545**	**(12,416,308)**	**1,043,523**
Shares issued for private placement	**8**	20,000,000	1,000,000	-	-	-	-	1,000,000
Share issue costs		-	(99,237)	-	46,437	-	-	(52,800)
Shares issued for settlement of debt	**8**	848,000	42,400	-	-	-	-	42,400
Share-based payments	**8**	-	-	179,597	-	-	-	179,597
Net loss for the year		-	-	-	-	-	(1,406,042)	(1,406,042)
Foreign currency translation		-	-	-	-	38,437	-	38,437
Balance on July 31, 2023		**90,562,449**	**11,638,258**	**1,710,773**	**965,452**	**352,982**	**(13,822,350)**	**845,115**

1. NATURE OF OPERATIONS AND GOING CONCERN

American Potash Corp. (formerly New Tech Minerals Corp.) (the “Company” or “American Potash”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 5, 2006. The Company’s name was changed from New Tech Minerals Corp. to American Potash Corp. on August 29, 2022.

The Company’s principal activities include the acquisition and development of potash, lithium and bromine mineral deposits in the United States. American Potash is a public company which is listed on the Canadian Securities Exchange (“CSE”) under the symbol “KCL”.

The Company’s head office and registered and records office is Suite 1100 – 1199 West Hastings Street, Vancouver, BC V6E 3T5.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at July 31, 2023, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral properties exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These consolidated financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance and functional currency

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB’) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as at fair value through profit or loss which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars which is the parent company’s functional currency. The functional currency of the Company’s subsidiaries is US dollars.

2. BASIS OF PREPARATION (continued)

The currency translation adjustment resulting from the translation of the subsidiary's US dollar functional currency to the Company's Canadian dollar presentation currency is charged to other comprehensive income or loss, and included in the foreign translation reserve within the equity section of the statement of financial position. Details of controlled entities are as follows:

	Country of Incorporation	Percentage Owned	Principal Activity
American Potash LLC	United States	100%	Mineral exploration
NTM Minerales SA de CV	Mexico	100%	Mineral exploration
Sweetwater Resources LLC	United States	100%	Prospecting permit applications

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

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

These consolidated financial statements were approved by the board of directors on November 28, 2023.

3. ACCOUNTING POLICIES

These consolidated financial statements have been prepared using the following accounting policies:

Financial Instruments

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Cash is classified as FVTPL. Accounts payable and accrued liabilities, and due to related parties are classified as amortized cost.

Measurement

Financial assets at FVTOCI
Elected 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 recognized in other comprehensive income (loss).

3. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in profit and loss.

b) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset 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 credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

c) Derecognition

Financial assets

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

Financial liabilities

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

3. ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit and loss. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production of proceeds of disposition.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration costs is not expected to be recovered, it is charged to the results of operations.

Decommissioning and rehabilitation liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the consolidated statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.
The Company did not have any decommissioning and restoration obligations at July 31, 2023 and 2022.

3. ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed in the notes to the consolidated financial statements unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements when there is a transfer of resources or obligations between related parties.

3. ACCOUNTING POLICIES (continued)

Share-based payments

The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. 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.

For employees, the fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period 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 actual number of share options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the options granted at the date the Company receives the goods or the services using the Black-Scholes Option Pricing Model.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated in the transaction. 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 the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any value attributed to the warrants is recorded in the warrant reserve.

Financing costs

The costs related to equity transactions are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the consolidated statement of comprehensive loss.

3. ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding shares for the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods where a net loss is reported all outstanding options and warrants are exclude from the calculation of diluted loss per share, as they are all anti-dilutive.

Income taxes

Income taxes comprises both current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. No potential income tax assets of the Company have been recognized.

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

Critical judgments in applying accounting policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

a) Going concern

In preparing these consolidated financial statements on a going concern basis, as is disclosed in Note 1 of these consolidated financial statements, Management's critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

3. ACCOUNTING POLICIES (continued)

Critical judgments in applying accounting policies (continued)

b) Impairment of mineral properties

Expenditures on mineral properties are capitalized. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods.

c) Functional currency

The functional currency for each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgments to determine the primary economic environment of an entity and this is re-evaluated for each new entity following an acquisition, or if events and conditions change.

Key sources of estimation uncertainty

The preparation of consolidated financial statements requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

a) Deferred income taxes

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

(Expressed in Canadian Dollars)

3. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty (continued)

b) Share-based payments

Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and are expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected life of the option, risk free interest rates, and forfeiture rates. Changes in these input assumptions can significantly affect the fair value estimate.

Accounting standards issued but not yet effective

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

4. RECEIVABLES

	July 31, 2023	July 31, 2022
	$	$
Sales tax receivable	9,215	1,358
Interest receivable	182	-
Amounts receivable	-	27,704
	9,397	29,062

5. EXPLORATION AND EVALUATION ASSETS

La Escondida Silver-Gold Project

On December 21, 2020, the Company entered into a formal agreement (the "Definitive Agreement") to acquire a 100% interest in the La Escondida Silver-Gold project, Sonora, Mexico (the "La Escondida Project"). A private syndicate comprised of three individuals (the "Syndicate") currently has the right to acquire the La Escondida Project pursuant to the terms of an underlying agreement (the "Underlying Agreement") with the owners of the two concessions which comprise the La Escondida Project. One of the three individuals is a director and officer of the Company. Pursuant to the Definitive Agreement, the Syndicate will assign its rights to the Underlying Agreement to the Company's wholly owned Mexican subsidiary, NTM Minerales SA de CV, in exchange for the issuance of 3,000,000 common shares to the Syndicate (being 1,000,000 common shares each). 1,500,000 common shares were issued following approval of the Canadian Securities Exchange in February 2021 and the remaining 1,500,000 common shares were issued on February 11, 2022. Two members of the Syndicate will retain a 2% Net Smelter Return (NSR) royalty, half of which may be purchased by the Company for USD$1,000,000. The Underlying Agreement requires staged option payments totaling USD$450,000 over a three-year period and assumption of all annual tax obligations.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

La Escondida Silver-Gold Project (continued)

On September 15, 2022, the Company entered into an amendment agreement for the Definitive Agreement that extended the option payment due on the second anniversary after contract execution to December 15, 2022 for a payment of USD$5,000.

On December 15, 2022, a 90-day extension was granted for an additional payment of USD$15,000, payable in three monthly installments of USD$5,000. During the year ended July 31, 2023, USD$5,000 was paid by the Company.

The purchase price of the La Escondida Project was USD$450,000 outlined in the Option Purchase Agreement with the following payment terms:

Cash (USD)	Date
$50,000	September 15, 2020 (paid)
$100,000	September 14, 2021 (paid)
$150,000	March 15, 2023
$150,000	third anniversary after contract execution

On March 16, 2023, the Company elected to terminate the option agreement on the La Escondida Project. Therefore, during the year ended July 31, 2023, the Company wrote off the La Escondida Project from $1,018,618 to $nil.

La Escondida Silver-Gold Project Expenditures

	Year ended July 31, 2023	Year ended July 31, 2022
Mineral acquisition costs:	$	$
Balance, beginning	383,137	182,427
Acquisition of claims	13,393	200,710
Impairment	(396,530)	-
Balance, ending	-	383,137
Exploration and evaluation expenditures:		
Balance, beginning	576,458	84,792
Drilling	-	196,802
General administration	5,110	199,775
Value-added tax receivable	1,224	66,411
Surface duties	-	13,454
Foreign exchange translation	39,296	15,224
Impairment	(622,088)	-
Balance, ending	-	576,458
Total	-	959,595

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

La Tortuga Silver Project

On January 25, 2021, the Company entered into a non-binding letter of intent ("LOI") to acquire a 100% interest in the La Tortuga mineral concession. The Company is required to issue 2,250,000 common shares to the assignors of the Assignment Agreement. The assignors will retain a 2% Net Smelter Return Royalty, half of which may be purchased by the Company for USD$1,000,000. On July 9, 2021, the Company entered into an Assignment Agreement for the right to acquire 100% interest in the mining concession.

On July 27, 2021, the Company acquired, by staking, an additional 4,000 hectares mineral concession (La Tortuga 2).

During the year ended July 31, 2021, the Company made a payment of $28,024 (USD$22,000), USD$12,000 for the first right of refusal on the property, and USD$10,000 for the first payment outlined in the Assignment Agreement for the right to acquire 100% interest and title to the one La Tortuga mining concession located in the Municipality of Opodepe, State of Sonora, Mexico.

The purchase price of the La Tortuga mineral concession was USD$215,000 outlined in the Assignment Agreement with the following payment terms:

Cash (USD)	Date
$10,000	January 25, 2021 (paid)
$30,000	first anniversary after contract execution
$50,000	second anniversary after contract execution
$125,000	third anniversary after contract execution

As at July 31, 2021, the Company was in the process of confirming the validity of the title, and given the uncertainty, decided to write off the property from $28,352 to $nil.

During the year ended July 31, 2022, the Company incurred geological consulting fees of $2,468, which were expensed.

On March 16, 2023, the Company elected to terminate the Assignment Agreement for the La Tortuga mineral concession as the Company could not confirm validity of the title.

Paradox Basin Potash Permit Project

In May 2009, and amended on November 2, 2010, December 6, 2011, January 28, 2014, February 23, 2015 and November 4, 2015, American Potash entered into an option agreement (the "Sweetwater Option") to acquire applications to the United States Bureau of Land Management ("BLM") in respect of certain Utah permits, together with all permits and other rights issued pursuant to the applications, to allow for the exploration of potash prospects in Utah. A director of the Company is a party to the Sweetwater Option.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Paradox Basin Potash Permit Project (continued)

As at July 31, 2020, the Company assessed the likelihood to receive the prospecting permits was low. Therefore, during the year ended July 31, 2020, the Company wrote off the Paradox Basin Potash Permit Project from $581,940 to $nil.

During the year ended July 31, 2023, the Company made payments totaling $10,569 (USD$7,876) (2022 - $131,006 (USD$103,220)) to renew mineral property licenses and for property fees, which were expensed.

Paradox Basin Brine and Potash Project

On August 23, 2016, 157 placer claims on BLM land covering 3,140 acres, were acquired in Grand County Utah, which overlay a large portion of the Federal Potash Permit Applications area.

Subsequent to the year ended July 31, 2020, the Company elected to allow Federal placer mineral claims to lapse due to escalating annual fees levied by the Bureau of Land Management (BLM). Therefore, during the year ended July 31, 2020, the Company wrote off the Paradox Basin Brine and Potash Project from $272,318 to $nil.

During the year ended July 31, 2021, the Company made a payment of $85,722 (USD$67,296) to renew mineral property licenses which were expensed. During the year ended July 31, 2022, the Company reinstated the mineral claims and $135,562 (USD$106,809) in mineral property claims was capitalized to the project.

On December 17, 2021, the Company's wholly owned subsidiary, American Potash LLC (the "Subsidiary"), entered into an option agreement (the "Option Agreement") with LiK Resources, LLC (the "Optionee") pursuant to which the Optionee was granted the right to earn up to a 100% interest in its Utah state leases for potash and mineral salts minerals along with 128 federal placer claims recently acquired by the Subsidiary (the "Project").

Under the terms of the Option Agreement, to earn a 70% interest in the Project, the Optionee must make a cash payment of USD$150,000 within five days of the Option Agreement (paid) and complete a pre-feasibility study demonstrating the economic viability of the Project within 24 months of the date of the Option Agreement (the "Initial Option"). In the event the Optionee is a publicly traded company with a market capitalization of over USD$100 million at the time of delivering the pre-feasibility study, the Optionee must issue USD$1 million worth of its common shares to the Subsidiary within 45 days of completing the pre-feasibility.

Within 90 days of completion of the pre-feasibility study, the Optionee must commission and deliver a valuation on the Project performed by an independent third party (the "Valuation") to the Subsidiary. At anytime following exercise of the Initial Option and within 90 days from the delivery of the Valuation, the Optionee shall have the right to acquire the remaining 30% interest in the Project by making a cash payment to the Subsidiary based on the valuation of remaining interest (the "Final Option"). In the event

5. EXPLORATION AND EVALUATION ASSETS (continued)

Paradox Basin Brine and Potash Project (continued)

the Initial Option is exercised but the Final Option is not exercised, the parties will enter into a joint venture agreement to operate the Project.

In connection with the Option Agreement, a cash finder's fee equal to 6% of all cash and shares of the Optionee received by the Company and 3% of the expenditures on the Project paid by the Optionee and any cash payment received by the Company upon exercise of the Final Option, will be payable.

The USD$150,000 option payment received during the year ended July 31, 2022 net of finders' fees of USD$9,000 has been included as a credit to the exploration and evaluation asset. The net option payment received exceeded lease and placer claims by $43,396, which was reported as other income in the income statement.

On April 14, 2023, the Company entered into a new option agreement with the Optionee which replaced the previous option agreement on December 17, 2021. Under the terms of the Option Agreement, to earn a 70% interest in the Project, the Optionee must make a cash payment of USD$150,000 (paid) and advance USD$3 million to the Company by April 28, 2023. The Optionee must also complete two separate Pre-Feasibility Studies by December 31, 2024 and commission a valuation of the Project by an independent, mutually agreed upon third-party, to be delivered 90 days from the completion date of the Pre-Feasibility Studies. In the event the Optionee is a publicly traded company with a market capitalization of over USD$100 million at the time of delivering the pre-feasibility study, the Optionee must issue USD$1 million worth of its common shares to the Subsidiary within 45 days of completing the pre-feasibility and the valuation of the Project.

On May 8, 2023, the Company terminated the Option Agreement with the Optionee as the Optionee did not meet its obligations to advance USD$3 million to the Company by the April 28, 2023.

The USD$150,000 option payment received during the year ended July 31, 2022 net of finders' fees of USD$9,000 has been included as a credit to the exploration and evaluation asset. The net option payment received exceeded lease and placer claims by $43,396, which has been reported as other income in the income statement.

The USD$150,000 option payment received during the year ended July 31, 2023 net of finders' fees of USD$9,000 has been included as a credit to the exploration and evaluation asset. The net option payment received exceeded lease and placer claims by $107,967, which has been reported as other income in the income statement.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Paradox Basin Brine and Potash Project (continued)

Paradox Basin Brine and Potash Project Expenditures

	Year ended July 31, 2023	**Year ended July 31, 2022**
Exploration and evaluation expenditures:	$	$
Balance, beginning	-	-
Federal permit	81,240	-
Mineral claim fees	-	135,562
Option Agreement payment applied to claim fees	(81,240)	(135,562)
Balance, ending	-	-

Reclamation Deposit

As at July 31, 2023, the Company had an irrevocable letter of credit in the amount of $427,885 (USD $324,722) (July 31, 2022 - $nil) for future environmental remediation costs. The reclamation deposit consisted of an interest-bearing guaranteed investment certificate that secures a stand-by letter of credit with State of Utah, Division of Oil, Gas and Mining. The guaranteed investment certificate matures on July 25, 2024, and bears interest at 3.10%.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2023	**July 31, 2022**
	$	$
Accounts payable	57,364	32,305
Accrued liabilities	32,000	35,574
	89,364	67,879

7. PROMISSORY NOTES

	$
Balance, July 31, 2021 and 2022	-
Additions	120,000
Interest expense	7,200
Settlement with issuance of shares (Note 8)	(42,400)
Repayment	(84,800)
Balance, July 31, 2023	-

On December 19, 2022, the Company entered into unsecured promissory note agreements with a company owned by a director and two shareholders of the Company for gross proceeds of $120,000, maturing on June 30, 2023. The promissory notes bore interest at 12% per annum and the accrued interest was payable on the maturity date. The loan could have been repaid in full by the Company at a date earlier than the maturity date at the option of the Company. At the option of the holder, the note

7. PROMISSORY NOTES (continued)

and interest could have been paid in cash or in common shares of the Company or a combination of cash and shares.

During the year ended July 31, 2023, the Company paid cash finders' fees of $4,000 and recorded interest expense of $7,200 (2022 - $nil). During the year ended July 31, 2023, the principal amount of $80,000 and interest of $4,800 was repaid in cash, and the principal amount of $40,000 and interest of $2,400 was settled in common shares of the Company (Note 8).

8. SHARE CAPITAL

a) Authorized

Unlimited common shares with no par value.

b) Issued and outstanding

As at July 31, 2023, there were 90,562,449 (July 31, 2022 – 69,714,449) issued and fully paid common shares.

c) Common shares

Year ended July 31, 2023

On June 28, 2023, the Company issued 20,000,000 units (the "Units") at a price of $0.05 per Unit for total gross proceeds of $1,000,000 in a non-brokered private placement (the "Private Placement"). Each Unit consists of one common share (a "Common Share") and one-half of one non-transferable Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for one additional Common Share at an exercise price of $0.10 until June 28, 2026.

The Company paid a 6% finder's fee to Haywood Securities Inc. ("Haywood") and Canaccord Genuity Corp. ("Canaccord") in connection with proceeds raised by the Company from investors introduced to the Company by each of Haywood and Canaccord, consisting of cash amounts of $46,800 and $6,000, respectively, and non-transferable broker warrants (each a "Broker's Warrant") in the amounts of 936,000 and 120,000, respectively. Each Broker's Warrant has the same terms as the Warrants.

On July 17, 2023, the Company issued 848,000 shares with a fair value of $42,400 to settle a promissory note and accrued interest (Note 7).

Year ended July 31, 2022

On September 9, 2021, the Company issued 20,200,000 Units at a price of $0.05 per Unit for total gross proceeds of $1,010,000 in a non-brokered private placement. Each Unit consists of one common share and one non-transferable common share purchase warrant. Each Warrant is exercisable for one additional common share at an exercise price of $0.075 until September 9, 2024.

8. SHARE CAPITAL (continued)

c) Common shares (continued)

The Company paid an 8% finder's fee to Haywood and Canaccord in connection with proceeds raised by the Company from investors introduced to the Company by each of Haywood and Canaccord, consisting of cash amounts of $56,000 and $11,200, respectively, and Broker Warrants in the amounts of 1,120,000 and 224,000, respectively. Each Broker's Warrant has the same terms as the Warrants.

On February 11, 2022, the Company issued 1,500,000 shares with a fair value of $75,000 in relation to the acquisition of the La Escondida Project (Note 5).

d) Basic and diluted loss per share

Diluted loss per share for the year ended July 31, 2023 did not include the effect of 5,200,000 (2022 – 3,000,000) stock options and 51,326,666 (2022 – 43,370,666) warrants as the effect would be anti-dilutive.

e) Stock options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

On September 29, 2021, the Company issued stock options that will be exercisable to acquire 1,650,000 common shares at $0.075 per share for a period of five years, vesting immediately, with a fair value of $79,878. Of the stock options issued, 1,400,000 stock options were granted to directors and officers of the Company, and 250,000 stock options were granted to consultants. The weighted average fair value per option was $0.048. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate – 0.98%, expected dividend yield – 0%, and average expected stock price volatility – 145%.

On January 10, 2023, the Company issued stock options to a consultant that will be exercisable to acquire 250,000 common shares at $0.075 per share for a period of five years, vesting immediately, with a fair value of $19,368. The weighted average fair value per option was $0.077. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate – 3.23%, expected dividend yield – 0%, and average expected stock price volatility – 188%.

On February 15, 2023, the Company issued stock options to directors and officers of the Company that will be exercisable to acquire 1,600,000 common shares at $0.10 per share for a period of five years, vesting immediately, with a fair value of $131,291. The weighted average fair value per option was $0.082. The fair value was determined by the Black-Scholes Option Pricing Model using the following

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

e) Stock options (continued)

assumptions: expected life – 5 years, average risk-free interest rate – 3.43%, expected dividend yield – 0%, and average expected stock price volatility – 189%.

On May 10, 2023, the Company issued stock options to a director of the Company that will be exercisable to acquire 500,000 common shares at $0.075 per share for a period of five years, vesting immediately, with a fair value of $28,938. The weighted average fair value per option was $0.058. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate – 2.99%, expected dividend yield – 0%, and average expected stock price volatility – 190%.

During the year ended July 31, 2023, the Company has recorded $179,597 (2022 - $79,878) of share-based payments with respect to the grant of stock options.

The continuity of exercisable stock options for the years ended July 31, 2023 and 2022 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance, July 31, 2021	1,700,000	0.12
Options expired	(350,000)	0.20
Options granted	1,650,000	0.075
Balance, July 31, 2022	3,000,000	0.09
Options forfeited	(150,000)	0.08
Options granted	2,350,000	0.09
Balance, July 31, 2023	5,200,000	0.09

Details of options outstanding and exercisable at July 31, 2023 are as follows:

Number of Options Outstanding	Exercise Price ($)	Remaining Contractual Life (Years)
800,000(1)	0.10	0.02
500,000	0.10	0.44
1,550,000(2)	0.075	3.17
250,000	0.075	4.45
1,600,000	0.10	4.55
500,000	0.075	4.78
5,200,000		

(1) Expired unexercised subsequent to July 31, 2023
(2) 250,000 options were forfeited on August 31, 2023

The weighted average life of share options outstanding at July 31, 2023 was 3.06 years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

f) Share purchase warrants

The continuity of warrants for the years ended July 31, 2023 and 2022 is as follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price ($)
Balance, July 31, 2021	22,546,999	0.09
Warrants issued	21,544,000	0.075
Warrants expired	(720,333)	0.20
Balance, July 31, 2022	43,370,666	0.08
Warrants issued	11,056,000	0.10
Warrants expired	(3,100,000)	0.10
Balance, July 31, 2023	51,326,666	0.08

On September 9, 2021, the Company issued 1,344,000 Broker's Warrants, with a fair value of $65,115. Each Broker's Warrant entitles the holder to acquire one common share at a price of $0.075 per share until September 9, 2024. The weighted average fair value per warrant was $0.048. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield of 0%, expected volatility of 136%, risk free rate of return of 0.38% and an expected life of 3 years, resulting in a charge of $65,115 as non-cash share issue costs for the year ended July 31, 2022.

On June 28, 2023, the Company issued 1,056,000 Broker's Warrants, with a fair value of $46,437. Each Broker's Warrant entitles the holder to acquire one common share at a price of $0.10 per share until June 28, 2026. The weighted average fair value per warrant was $0.044. The fair value was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected dividend yield of 0%, expected volatility of 162%, risk free rate of return of 4.13% and an expected life of 3 years, resulting in a charge of $46,437 as non-cash share issue costs for the year ended July 31, 2023.

On July 10, 2023, the Company amended the expiry date of 12,800,000 outstanding common share purchase warrants issued on September 8, 2020 and exercisable for one common share at an exercise price of $0.075. The warrants were set to expire on September 8, 2023. Under the terms of the amendment, the expiry date for the warrants has been extended to December 8, 2023. As these warrants were issued as part of a Unit, there was no amount recognized as a result of the modification.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

f) Share purchase warrants (continued)

Details of warrants outstanding as at July 31, 2023 are as follows:

Number of Warrants Outstanding	Exercise Price ($)	Remaining Contractual Life (Years)
480,000[1]	$0.075	0.11
5,446,666	$0.10	0.35
12,800,000	$0.075	0.36
21,544,000	$0.075	1.11
11,056,000	$0.10	2.91
51,326,666		

(1) Expired unexercised subsequent to July 31, 2023

The weighted average life of warrants outstanding at July 31, 2023 was 1.22 years.

g) Share-based payment reserve

The share-based payment reserve records items recognized as share-based payment 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.

h) Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

i) Foreign currency translation reserve

The translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

9. RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company:

		Year ended July 31
	2023	2022
	$	$
Management fees	77,500	60,000
Share-based payments	160,229	67,775
	237,729	127,775

A director of the Company is a party to the Sweetwater Option Agreement (Note 5).

9. RELATED PARTY TRANSACTIONS (continued)

Management fees were paid directly to the President and CEO and to a company owned by the President and CEO for management services.

Key management includes directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management for employee services for the reported periods.

10. COMMITMENTS

On June 7, 2018, the Company entered into an agreement with the President and CEO, Jon George, to provide management/consulting services to the Company at a rate of $5,000 per month for a period of six months, automatically renewing at the end of each period. On December 14, 2022, the Company entered a new agreement, at a rate of $7,500 per month for a period of twelve months, automatically renewing at the end of each period. The agreement has a termination and change of control clause whereby he is entitled to the equivalent of 12 months his monthly management fee within 30 days.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The risk is assessed as low.

b) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates in Canada, US, and Mexico and a portion of the Company’s expenses are incurred in Canadian dollars (“CAD”), US dollars (“USD”), and Mexican Pesos (“MXN”). A significant change in the currency exchange rates between the Canadian, US and Mexican currencies, could have an effect on the Company’s results of operations, financial position or cash flows. The Company has not entered into financial instruments to hedge against this risk.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

b) Foreign Exchange Rate Risk (continued)

The following is an analysis of Canadian Dollar equivalent of financial assets and liabilities that are denominated in USD and MXN:

	July 31, 2023	July 31, 2022
	$	$
Cash	4,181	1,521
Accounts receivable and prepaids	162,659	26,006
Accounts payable and accrued liabilities	(13,177)	(36,626)
	153,663	(9,099)

Based on the above net exposures, as at July 31, 2023, a 10% change against the Canadian Dollar would impact the Company's net income by $15,366 (July 31, 2022 - $910).

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities have contractual maturities of less than three months. Liquidity risk is assessed as high.

d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

e) Interest Rate Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing assets in relation to cash at banks carried at floating interest rates with reference to the market. The Company does not hold any financial liabilities with variable interest rates. The exposure to interest rates for the Company is considered immaterial.

f) Fair Values

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified in one of the following three fair value hierarchy levels:

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

Cash is measured using level 1 inputs.

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any significant revenues since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period.

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets. Geographic segment information of the Company's non-current assets as at July 31, 2023 and July 31, 2022 is as follows:

Non-current assets	**July 31, 2023**	**July 31, 2022**
	$	$
Mexico	-	959,595
United States	427,885	-
	427,885	959,595

14. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended July 31, 2023	**Year ended July 31, 2022**
	$	$
Net loss before tax	(1,406,042)	(360,485)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(379,631)	(97,331)
Non-deductible items	320,337	402,097
Foreign tax rate difference	(34,285)	(38,752)
Change in deferred tax asset not recognized	93,579	(266,014)
Income tax expense	-	-

(Expressed in Canadian Dollars)

14. INCOME TAXES (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	July 31, 2023	July 31, 2022
	$	$
Non-capital loss carry-forwards – Canada	1,414,480	1,327,392
Net operating loss carry-forwards – US	229,180	264,333
Loss carry-forwards – Mexico	16,410	7,116
Mineral properties	874,817	555,841
Other	56,658	55,404
	2,591,545	2,210,086

The Company has net operating loss carry forwards which may be carried forward to apply against future year income tax for Canadian, US, and Mexican income tax purposes subject to the final determination by taxation authorities, expiring in the following years:

	Canadian non-capital losses	US net operating losses	Mexican losses
	$	$	$
2027	45,358	-	-
2028	2,780	-	-
2029	189,804	-	-
2030	71,222	-	-
2031	68,791	-	14,231
2032	304,089	-	23,022
2033	606,596	3,406	17,446
2034	635,090	133,040	-
2035	461,410	77,943	-
2036	158,044	42,153	-
2037	238,300	-	-
2038	1,091,536	-	-
2039	430,169	-	-
2040	207,154	-	-
2041	194,140	-	-
2042	202,955	-	-
2043	331,377	-	-
No expiry	-	834,792	-
	5,238,815	1,091,334	54,699

15. SUBSEQUENT EVENTS

a) On September 25, 2023, warrants to acquire 800,000 common share of the Company at $0.075 per share were exercised.

b) On November 23, 2023, the Company closed a non-brokered private placement resulting in the issuance of 10,800,000 Units at a price of $0.05 per Unit for total gross proceeds of $540,000. Each Unit consists of one common share and one transferable common share purchase warrant exercisable at a price of $0.075 until November 23, 2026.

   The Company paid a finder's fee of 8% consisting of a cash payment of $37,600 and the issuance of 752,000 Broker's Warrants having the same terms as the common share purchase warrants.