

AURWEST RESOURCES CORPORATION

Interim Financial Statements

For the nine months ended September 30, 2023

**(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)**

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**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2023, and 2022 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

AURWEST RESOURCES CORPORATION
STATEMENTS OF FINANCIAL POSITION
As at September 30, 2023 and December 31, 2022
(expresses in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	September 30, 2023	December 31, 2022
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		102,180	337,292
Goods and services tax receivable		9,391	35,249
Prepays		17,509	7,275
Total current assets		129,080	379,816
Exploration and evaluation assets	4	4,426,595	4,395,797
TOTAL ASSETS		4,555,675	4,775,613
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		315,554	258,377
Due to related parties	1	66,368	77,388
Total current liabilities		381,922	335,765
Flow-through share premium liability	11	-	-
		381,922	335,765
SHAREHOLDERS' EQUITY			
Share capital	6	9,940,136	9,926,222
Reserves	6	1,397,612	1,327,457
Deficit		(7,163,995)	(6,813,831)
		4,173,753	4,439,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,555,675	4,775,613

Nature of operations (Note 1)

Approved on behalf of the Board of Directors by:

Signed "Cameron Macdonald"

Director

Signed "Brian Prokop"

Director

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

AURWEST RESOURCES CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended September 30, 2023 and 2022
(expresses in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	Three months ending September 30, 2023	September 30, 2022	Nine months ending September 30, 2023	September 30, 2022
				\$	\$
EXPENSES					
Consulting fees	7	50,631	84,000	166,047	252,000
Exploration and evaluation expenditures		679	1,608	22,989	10,436
Marketing & investor relations		1,876	10,676	6,430	60,980
Office and general		8,332	8,157	26,474	31,135
Professional fees		30,771	46,404	39,630	84,998
Regulatory and filing		9,892	32,525	18,439	48,271
Share-based compensation	6,7	-	-	70,155	242,393
		(102,181)	(183,370)	(350,164)	(730,213)
Recovery of flow-through premium		-	-	-	97,127
LOSS AND COMPREHENSIVE LOSS		(102,181)	(183,370)	(350,164)	(633,086)
Basic and diluted loss per common share		(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)
Weighted average number of shares outstanding – basic and diluted		101,454,966	99,521,633	100,860,140	98,207,278

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

AURWEST RESOURCES CORPORATION
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2023 and 2022
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share Capital		\$ Shares to be cancelled	Reserves		\$ Deficit	\$ Total
	Number of Common Shares	\$ Amount		\$ Options	\$ Warrants		
Balance, December 31, 2021	98,350,133	9,950,523	(135,270)	711,215	401,549	(5,089,080)	5,838,937
Units issued for property acquisition	1,125,000	68,625	-	-	-	-	68,625
Shares issued for services	350,000	21,000	-	-	-	-	21,000
Exercise of common share purchase warrants	1,150,000	115,000	-	-	-	-	115,000
Exercise of agent warrants	50,000	7,500	-	-	(2,500)	-	5,000
Exercise of options	1,200,000	55,200	-	(25,200)	-	-	30,000
Share-based compensation	-	-	-	242,393	-	-	242,393
Shares cancelled (normal course issuer bid)	(1,503,500)	(166,626)	135,270	-	-	-	(31,356)
Transfer of net assets pursuant to spin-out	-	(125,000)	-	-	-	-	(125,000)
Loss for the year	-	-	-	-	-	(1,724,751)	(1,724,751)
Balance, December 31, 2022	100,721,633	9,926,222	-	928,408	399,049	(6,813,831)	4,439,848
Shares issued for services	733,333	13,914	-	-	-	-	13,914
Share-based compensation	-	-	-	70,155	-	-	70,155
Loss for the period	-	-	-	-	-	(350,164)	(350,164)
Balance, September 30, 2023	101,454,966	9,940,136	-	998,563	399,049	(7,163,995)	4,173,753

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

AURWEST RESOURCES CORPORATION
STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2023 and 2022
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	Nine months ended September 30, 2023	Nine months ended September 30, 2022
		\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss for the period		(350,164)	(633,086)
Items not involving cash:			
Share-based compensation	6,7	70,155	242,393
Share-based payments		14,667	47,125
Recovery of flow-through premium	11	-	(97,127)
Changes in non-cash working capital items:			
Prepays		(10,234)	(12,130)
Goods and services tax receivable		25,858	64,174
Accounts payable and accrued liabilities		57,177	(28,072)
Due to related parties	1	(11,020)	-
Net cash used in operating activities		(203,561)	(416,723)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Exploration advances	4	45,450	332,481
Exploration and evaluation expenditures	4	(76,248)	(1,497,241)
Net cash used in investing activities		(30,798)	(1,164,760)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Share issuance costs	6	(753)	-
Proceeds from exercise of options	6	-	30,000
Proceeds from exercise of warrants	6	-	120,000
Shares repurchased under normal course issuer bid	5	-	(31,356)
Net cash (used) provided by financing activities		(753)	118,644
Change in cash and cash equivalents		(235,112)	(1,462,839)
Cash and cash equivalents, beginning of the period		337,292	2,216,782
Cash and cash equivalents, end of the period		102,180	753,943

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

AURWEST RESOURCES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS

Aurwest Resources Corporation (the “Company” or “Aurwest”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under stock symbol SRS. On January 8, 2020, the Company changed its name to Aurwest Resources Corporation and commenced trading under the stock symbol “AWR”. The Company’s registered and records office and corporate office address is Suite 2003, 188 – 15 Ave SW, Calgary, Alberta Canada T2R 1S4.

The Company is pursuing the acquisition, exploration and evaluation of mineral properties. At September 30, 2023, it had two 100% owned adjacent properties in British Columbia, being the Stellar Project and Stars Project. The Company has also entered into option agreements to earn a 100% interest in the Paradise Lake and Miguels Lake in Newfoundland. The Company is in the process of exploring its mineral property interests and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

Plan of Arrangement

On September 22, 2022, the Company received all necessary approval to complete a plan of arrangement (the “Plan of Arrangement” or the “Arrangement”) to:

- Spin out its 100% owned Stellar and Stars mineral properties consisting of two parcels of adjoining land in British Columbia (Note 4) into a separate publicly listed company, Copper Star Exploration Ltd. (“Copper Star”) subject to a minimum of \$1,000,000 financing to be completed within one year from the Arrangement date (the “Financing”).
- Form five new reporting issuers being: 1377314 B.C. Ltd., 1377319 B.C. Ltd., 1377326 B.C. Ltd., 1377331 B.C. Ltd. and 1377333 B.C. Ltd. (the “SpinCos” or in case of singular, “SpinCo”) which will be used for the purposes of evaluating future go public business opportunities.

On September 23, 2022, the Record Date, Aurwest’s shareholders is entitled to receive 0.0051 shares of each of the five newly formed SpinCos for every one common share of Aurwest held.

On September 28, 2022, pursuant to the Plan of Arrangement, each Aurwest common shares were exchanged for (Note 6):

- One New Common Share;
- One Class A Preferred Share, which will be exchanged for 29,961,488 shares of Copper Star for a total of \$2,605,000 being the fair value of the Stellar and Stars mining properties, subject to the Financing. In the event the Financing is not completed within one year, the Class A Preferred Shares will be cancelled; and
- One Class B Preferred Share, which was redeemed in exchange for 0.0051 SpinCo shares for a total of 509,336 SpinCo shares in each of the SpinCos.

On September 30, 2022, the Class B Preferred Shares were redeemed, and each Aurwest shareholder received their pro-rata shares of each of the 5 SpinCos. In exchange for the 509,336 common shares, each Spinco is to receive \$25,000 in cash from Aurwest, for a total commitment from Aurwest of \$125,000. As at September 30, 2023, the Company has paid \$58,632 and has a liability of \$66,368.

As of September 30, 2023, Aurwest had not completed the financing required to spin out the Stellar and Stars properties and accordingly, Copper Star remained as a subsidiary of Aurwest (Note 2).

AURWEST RESOURCES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Since these interim condensed consolidated financial statements do not include all disclosures required by IFRS for annual financial statements, they should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 13, 2023.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. Unless otherwise noted, these financial statements are presented in Canadian dollars, the functional currency of the Company.

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and its wholly owned Canadian subsidiary Copper Star Exploration Ltd. (“Copper Star” or the “Subsidiary”). A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at September 30, 2023, the Company had not yet achieved profitable operations, incurred a loss of \$350,164 (2022 - \$730,213), had a working capital deficit of \$252,842 (December 31, 2022 - \$44,051 surplus) and a deficit of \$7,163,995 (December 31, 2022 - \$6,813,831) since inception and expects to incur further losses in the development of its business. The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

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

Estimates

Share-based compensation and fair value of brokers' warrants

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models use for estimating fair value for share-based payment transactions are disclosed in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES

New accounting standards and interpretations issued but not yet adopted

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023. This amendment is not expected to have a significant impact on the consolidated financial statements of the Company upon adoption.

AURWEST RESOURCES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

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4. EXPLORATION AND EVALUATION ASSETS

	Stellar	Stars	Paradise Lake	Miguels Lake	Stony	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	1,026,340	959,310	2,166,529	243,618	-	4,395,797
Claims	5,421	-	20,200	3,000	-	28,621
Field costs	-	-	33,916	-	497	34,413
Geology	-	1,075	-	-	-	1,075
Assay	811	-	-	-	-	811
Drilling	-	-	-	-	-	-
Sampling	-	4,545	-	-	-	4,545
Travel	-	-	-	-	-	-
Expenditures during the year	6,232	5,620	54,116	3,000	497	69,465
Recovery of exploration and evaluation assets	-	-	(37,715)	(455)	(7,280)	(45,450)
Write-off of exploration and evaluation asset	-	-	-	-	6,783	6,783
Balance, September 30, 2023	1,032,572	964,930	2,182,930	246,163	-	4,426,595

	Stellar	Stars	Paradise Lake	Miguels Lake	Stony	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	1,004,562	954,530	758,132	211,852	547,907	3,476,983
Acquisition costs - cash	-	-	75,000	8,000	-	83,000
Acquisition costs - shares	-	-	35,000	7,500	26,125	68,625
Claims	-	-	867	-	25,480	26,347
Field costs	416	-	294	267	51,457	52,434
Geology	13,612	-	3,526	-	192,166	209,304
IP Survey	-	-	74,567	25,433	-	100,000
Assay	1,115	-	9,055	1,966	42,216	54,352
Reports	123	3,780	-	-	-	3,903
Drilling	-	-	1,242,075	-	-	1,242,075
Sampling	6,512	1,000	-	-	-	7,512
Travel	-	-	1,013	-	556	1,569
Expenditures during the year	21,778	4,780	1,441,397	43,166	338,000	1,849,121
Recovery of exploration and evaluation assets	-	-	(33,000)	(11,400)	(15,600)	(60,000)
Write-off of exploration and evaluation asset	-	-	-	-	(870,307)	(870,307)
Balance, December 31, 2022	1,026,340	959,310	2,166,529	243,618	-	4,395,797

During the nine months ended September 30, 2023, the Company received \$45,450 (2022 - \$60,000) for the Mineral Incentive Program - Junior Exploration Assistance (“JEA”) contribution towards the Company’s

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NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Canadian dollars)

(Unaudited – Prepared by Management)

Newfoundland projects. This was allocated to each of the projects based on the work completed and was offset against the exploration expenses capitalized. \$7,280 of the JEA incentive was booked against Exploration and evaluation expenditures on the P&L as they were associated with the Stony Caldera project, which has since been cancelled and therefore no longer capitalized.

Paradise Lake Project, Newfoundland

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. (“Tenacity”), to acquire a 100% interest in 824 claims on the Paradise Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$400,000 and issue 5,000,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the closing price of the common shares on the Canadian Stock Exchange (“CSE”) on the day prior to the date of issuance. The consideration will be paid as follows:

- \$50,000 cash and 300,000 units on November 20, 2020 (paid and issued (Note 6));
- \$50,000 cash and 500,000 units on or before November 20, 2021 (paid and issued (Note 6));
- \$75,000 cash and 700,000 units on or before November 20, 2022 (paid and issued (Note 6));
- \$100,000 cash and 1,500,000 units on or before November 20, 2023; and
- \$125,000 cash and 2,000,000 units on or before November 20, 2024.

In addition, the Company is required to incur \$4,000,000 in exploration expenditures on the property over the next four years as follows:

- \$400,000 on or before November 20, 2021 (criteria met);
- \$750,000 on or before November 20, 2022 (criteria met);
- \$1,275,000 on or before November 20, 2024*; and
- \$1,575,000 on or before November 20, 2025*.

*During the year ended December 31, 2022, the commitment terms were extended by 12 months.

Tenacity Gold Mining Company will retain a 3% net smelter returns royalty (“NSR”) on the property.

During the year ended December 31, 2021, the Company paid a refundable deposit of \$173,520 to the Newfoundland Government to protect its Paradise Lake claims while certain exploration work was being completed. During the year ended December 31, 2022, \$173,250 was refunded to the Company and allocated towards exploration expenditures.

In fiscal 2023, the Company has a commitment required by the Newfoundland Government to incur \$187,100 in exploration expenses on its Paradise Lake project.

Miguels Lake, Newfoundland

On November 6, 2020, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. and Alexander Duffitt, to acquire a 100% interest in 120 claims on the Miguels Lake property located in Newfoundland, Canada.

To earn the 100% interest in the property, the Company is required to make cash payments of \$50,000 and issue 750,000 units over the course of four years. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant is exercisable for a period of three years at a price equal to a 10% premium to the closing price of the common shares on the CSE on the day prior to the date of issuance. The consideration will be paid as follows:

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- \$5,000 cash and 50,000 units on November 20, 2020 (paid and issued (Note 6));
- \$5,000 cash and 100,000 units on or before November 20, 2021 (paid and issued (Note 6));
- \$8,000 cash and 150,000 units on or before November 20, 2022 (paid and issued (Note 6));
- \$12,000 cash and 200,000 units on or before November 20, 2023; and
- \$20,000 cash and 250,000 units on or before November 20, 2024

In addition, the Company is required to incur \$580,000 in exploration expenditures on the property over the next four years as follows:

- \$100,000 on or before November 20, 2021 (criteria met);
- \$120,000 on or before November 20, 2022 (criteria met);
- \$180,000 on or before November 20, 2024*; and
- \$180,000 on or before November 20, 2025*.

*During the year ended December 31, 2022, the commitment terms were extended by 12 months.

Tenacity Gold Mining Company will retain a 1% NSR and Alexander Duffitt a 2% NSR on the property.

Stony Caldera Project, Newfoundland

Effective April 19, 2023, the Company decided to terminate the option agreement on the Stony Caldera project and as a result, the Company recorded an impairment charge of \$870,307 to write-off the exploration asset at December 31, 2023. Any additional expenses incurred during the nine-month period ended September 30, 2023 were directly expensed.

Stellar Project, British Columbia

On February 9, 2018, the Company entered into an option agreement to acquire a 100% interest in 4 mineral claims located on the Stellar Project in north central British Columbia. During the year end May 31, 2018, the Company acquired the 100% interest in the property for total consideration of 500,000 common shares (issued) and \$20,000 in cash payments (paid). The vendor retains a 2% NSR, and the Company has the option to buy out one-half of the NSR for \$1,000,000.

In August 2020, the Company purchased 2 additional mineral claims on the Stellar property for cash of \$7,000.

Stars Project, British Columbia

On September 23, 2021, the Company entered into mineral claims purchase and sale agreement with Pacific Empire Minerals Corp. to purchase its ownership of 50% interest in the Stars Property for a cash payment of \$350,000. The Stars Property is adjacent to the Company's Stellar Project and consists of 3 mineral tenures located in the Omineca Mining District in British Columbia. Pacific Empire Minerals Corp. will retain a 2% NSR on the property which the Company has the right to repurchase at any time 1% for \$1,000,000.

On December 2, 2021, the Company entered into mineral claims purchase and sale agreement with M3 Metals Corp. to purchase the remaining 50% interest in the Stars Property for a cash payment of \$450,000 and 1,500,000 common shares. M3 Metals will retain a 2% NSR on the property which the Company has the right to repurchase at any time 1% for \$1,000,000. The common shares were issued on December 10, 2021 and were escrowed and released in equal quarterly tranches through to December 10, 2022.

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5. NORMAL COURSE ISSUER BID (“NCIB”)

On September 30, 2021, the Company announced a normal course issuer bid to purchase up to 4,801,431 common shares through the facilities of the CSE. The provisions of the bid allow for a maximum of 5% of the total outstanding common shares of the Company to be purchased for cancellation during the period September 30, 2021 to September 30, 2022. Any common shares of the Company purchased pursuant thereto were to be cancelled. As at December 31, 2022, the Company has purchased 1,722,000 common shares for a total of \$199,165, of which \$135,270 were outstanding in shares to be cancelled as at December 31, 2021. During the year ended December 31, 2022, all of the shares were returned to treasury and were cancelled. No shares remain as at September 30, 2023.

6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Under the Plan of Arrangement, Aurwest’s previous common shares were exchanged into equal number of New Common Shares, Class A Preferred Shares and Class B Preferred Shares (Note 1). Accordingly, on September 22, 2022, the Company issued 99,871,633 New Common Shares, 99,871,633, Class A Preferred Shares and 99,871,633 Class B Preferred Shares. On September 28, 2022, the Class B Preferred Shares were redeemed in full.

As at September 30, 2023, the Company had 101,454,966 (December 31, 2022 – 100,721,633) Common Shares and 99,871,633 (December 31, 2022 – 99,871,633) Class A Preferred Shares issued and outstanding.

There were no common shares held in escrow (Note 4) at September 30, 2023 (2022 – nil).

Issued

For nine months ended September 30, 2022

- a. On June 27, 2023, the Company issued 733,333 common shares, 300,000 at \$0.02 per share and 433,333 at \$0.05 per share, totaling a fair value of \$14,667 for professional services. The Company incurred \$753 in share issuance costs.

For the year ended December 31, 2022

- b. On December 6, 2022, the Company issued 850,000 units with a fair value of \$42,500 pursuant to the Paradise Lake and Miguels Lake option agreements (Note 4). Each unit consisted of one (1) common share and a half (1/2) warrant exercisable at \$0.055 for a period of 3 years. The warrants had a residual value of \$nil.
- c. On September 28, 2022, pursuant to the Plan of Arrangement (Note 1), the share capital of the Company was reduced by \$125,000. There was no change to the number of common shares issued and outstanding.
- d. On September 22, 2022, 350,000 common shares were issued at \$0.06 per share totaling \$21,000 for professional services.
- e. On June 9, 2022, 1,200,000 options were exercised at \$0.025 per share for total gross proceeds of \$30,000. In connection with the exercise of the options, \$25,200 was reclassified from option reserve to share capital.
- f. On April 19, 2022, the Company issued 275,000 units with a fair market value of \$26,125 were issued pursuant to the Stony Caldera option agreement (Note 4). Each unit consisted of one (1) share and a half (1/2) warrant exercisable at \$0.147 for a period of 3 years. The warrants had a residual value of \$nil.
- g. On March 15, 2022, 1,150,000 common share purchase warrants and 50,000 agents’ warrants were exercised at \$0.10 per share for gross proceeds of \$120,000. In connection with the agents’ warrants \$2,500 was

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reclassified from warrant reserve to share capital.

- h. During the year ended December 31, 2022, 267,000 shares were purchased under the NCIB and 1,503,500 shares were returned to treasury for cancellation.

Stock Options**Stock Option Plan**

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The options granted under the stock option plan can vest immediately or subject to the vesting schedule wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

On May 24, 2023, the Company granted 100,000 incentive stock options to acquire up to an aggregate of 100,000 common shares at a strike price of \$0.025 to the new CFO, with an expiry of May 24, 2025. All options vest immediately.

On June 27, 2023, the Company granted 4,700,000 options to certain directors, officers, employees and consultants at an exercise price of \$0.02 for 2 years. All stock options are recorded at fair value using the Black-Scholes option pricing model. The options were fully vested on the grant date.

Share-based compensation of \$70,155 (2022 - \$242,393) was recognized in the statement of loss and comprehensive loss.

The following weighted average assumptions were used for the valuation of share-based compensation:

	September 30, 2023	September 30, 2022
Risk free rate	4.16% - 4.59%	1.08%
Expected life – years	2.0	2.0
Estimated forfeiture rate	0%	0%
Dividend yield	0%	0%
Volatility	139.06% - 151.24%	176.21%
Weighted average fair value per option	\$0.015 - \$0.17	\$0.10

Summary of stock option activities for the nine-month period ended September 30, 2023:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	4,125,000	0.10
Cancelled	(250,000)	(0.065)
Granted	2,362,500	0.13
Exercised	(1,200,000)	(0.025)
Balance, December 31, 2022	5,037,500	0.14
Cancelled	(3,537,500)	(0.13)
Granted	4,800,000	0.02
Balance, September 30, 2023	6,300,000	0.05

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As at September 30, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Number of Options	Exercise Price (\$)	Weighted-Average Remaining Life (Years)
January 10, 2024	1,500,000	0.13	0.28
May 24, 2025	100,000	0.025	1.65
June 27, 2025	4,700,000	0.02	1.74
	6,300,000	\$0.05	1.39

Agent's Warrants

The following is summary of agent's warrant activities for the nine-month period ended September 30, 2023, and twelve-month period ended December 31, 2022:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	3,908,566	0.19
Exercised	(50,000)	0.15
Balance, December 31, 2022	3,858,566	0.19
Expired	(3,207,566)	0.19
Balance, September 30, 2023	651,000	0.15

Summary of agent's warrants outstanding as at September 30, 2023:

Expiry Date	Number of Agent Warrants	Exercise Price (\$)	Weighted-Average Remaining Life (Years)
October 1, 2023	651,000	0.15 ⁽¹⁾	0.003

(1) Each agent warrant is exercisable into one common share at a price of \$0.10 for the first 18 months and a price of \$0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant.

Common Share Purchase Warrants

The following is a summary of share purchase warrant activity for the nine-month period ended September 30, 2023 and twelve months ended December 31, 2022:

	Number of Share Purchase Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2021	61,914,207	0.18
Issued	562,500	0.08
Exercised	(1,150,000)	0.15
Balance, December 31, 2021	61,326,707	0.18
Expired	(52,678,207)	0.19
Balance, September 30, 2023	8,648,500	0.10

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Summary of share purchase warrants outstanding as at September 30, 2023:

Expiry Date	Number of Share Purchase Warrants	Exercise Price	Weighted-Average Remaining Contractual Life of Outstanding Warrants
October 1, 2023	7,361,000	\$0.15 ⁽¹⁾	0.003
November 27, 2023	175,000	\$0.08	0.16
May 6, 2024	250,000	\$0.20	0.57
November 22, 2024	300,000	\$0.121	1.15
April 19, 2025	137,500	\$0.147	1.55
December 6, 2025	425,000	\$0.055	2.19
	8,648,500	\$0.10	0.19

(1) Each share purchase warrant is exercisable into one common share at a price of \$0.10 for the first 18 months and \$0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant. The Company has the right to force conversion if the share price exceeds \$0.20 for ten consecutive trading days.

7. RELATED PARTY TRANSACTIONS

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

The aggregate values of transactions relating to key management personnel were as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$	\$
Consulting fees paid or accrued to officers and directors or companies controlled by directors and officers	163,047	225,000
Exploration expenses paid or accrued to a former director	-	10,436
Stock-based compensation –directors and officers	59,960	180,304
Total fees and other short-term benefits	223,007	415,740

As at September 30, 2023, accounts payable included \$185,320 (December 31, 2022 - \$185,320) owing to former key management personnel, directors or to companies controlled by a former director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

As at September 30, 2023, there were two executive employment agreement contracts, one with an officer for an annual salary of \$70,000 and one with a director and officer for an annual salary of \$120,000.

8. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders' equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management

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during the period ended September 30, 2023. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there is no unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of cash and cash equivalents is measured using level 1 fair value inputs. Accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments.

Risk Management

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

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Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by holding its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the loans payable bear interest at fixed rates. The Company is not currently subject to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at September 30, 2023, the Company has a working capital deficit of \$252,842 (December 31, 2022 - \$44,051 surplus).

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

11. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability is as follows:

Flow-Through Share Premium Liability	September 30, 2023	September 30, 2022
	\$	\$
Opening balance	-	97,126
Flow-through share premium on the issuance of flow-through common share units	-	-
Settlement of flow-through share premium liability on expenditures incurred	-	(97,126)
Ending balance	-	-