CAT Strategic Metals Corporation

Financial Statements

March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by management, and were not reviewed by the Company's independent auditor.

CAT STRATEGIC METALS CORPORATION

Statements of Consolidated Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2023	December 31, 2022 (Audited)
		$	$
Assets			
Current assets			
Cash		3,755	387,234
Prepayments		314,309	93,229
Amounts receivable		51,971	47,118
		370,035	527,581
Non-current assets			
Equipment	6	15,125	15,942
Total assets		385,160	543,523
Liabilities and Shareholders' Deficiency			
Current liabilities			
Accounts payable and accrued liabilities	7	408,833	392,398
Demand Loans	13	367,272	334,710
Deposits received		32,215	32,215
Due to related parties	8	77,396	56,520
		885,716	815,843
Long-term liabilties			
Convertible debenture	12	83,426	79,447
Shareholders' deficiency			
Share capital	9	11,683,535	11,683,535
Share-based reserve	9	2,133,082	2,133,082
Loan reserve		61,994	61,994
Foreign currency reserve		14,940	15,871
Convertible debenture conversion feature reserve	13	14,848	14,848
Deficit		(14,492,381)	(14,261,097)
		(583,982)	(351,767)
Total shareholders' deficiency and liabilities		385,160	543,523

Nature and continuance of operations (Note 1)
Event after the reporting period (Note 16)

Approved and authorized for issuance by the board of directors on May 29, 2023

"Robert Rosner" *"Luis Martins"*

Robert Rosner, Director Luis Martins, Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Comprehensive Income (loss)

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2023	2022
Expenses		$	$
Advertising and promotion		12,660	–
Amortization	6	15	74
Consulting		69,425	20,418
Exploration and evaluation	4	27,883	366,462
Foreign exchange (gain)/loss		1,322	(4,124)
Insurance		10,170	10,213
Management fees	8	71,008	93,163
Listing and filing fees		6,491	7,792
Office and administration		1,278	680
Occupancy fees		6,908	6,530
Professional fees		5,438	7,500
Shareholders' communication		–	5,900
Loss before the following:		(212,598)	(514,608)
Accretion and interest expense	12 & 13	(11,041)	–
Impairment in long-term investment	5	(7,645)	–
(Loss) from continued operations for the period		(231,284)	(514,608)
(Loss) from discontinued operations for the period	4(d)	–	(20,945)
(Loss) for the period		(231,284)	(535,553)
Other comprehensive income (loss)			
Foreign currency translation		(931)	(4,621)
(Loss) and other comprehensive income (loss)		(232,215)	(540,174)
Loss per share, basic and diluted		(0.00)	(0.00)
Weighted average number of common shares outstanding		263,143,532	195,976,866

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency

(Unaudited - Expressed in Canadian Dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Loan Reserve	Warrant reserve	Share-based reserve	Foreign currency translation Reserve	Convertible debenture conversion feature reserve	Deficit	Shareholders' (deficiency)
		$	$	$	$	$	$	$	$
Balance, December 31, 2021	195,976,866	10,352,197	61,994	707,644	756,940	10,960	–	(12,135,698)	(245,963)
Comprehensive loss for the period	–	–	–	–	–	(4,621)	–	(535,553)	(540,174)
Balance, March 31, 2022	195,976,866	10,352,197	61,994	707,644	756,940	6,339	–	(12,671,251)	(786,137)
Balance, December 31, 2022	263,143,532	11,683,535	61,994	1,376,142	756,940	15,871	14,848	(14,261,097)	(351,767)
Comprehensive loss for the period	–	–	–	–	–	(931)	–	(231,284)	(232,215)
Balance, March 31, 2023	263,143,532	11,683,535	61,994	1,376,142	756,940	14,940	14,848	(14,492,381)	(583,982)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

CAT STRATEGIC METALS CORPORATION

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	March 31,	
	2023	2022
	$	$
Operating activities		
(Loss) for the periods	(231,284)	(535,553)
Items not involving cash:		
Amortization	15	74
Amortization included in exploration and evaluation expenditures	–	3,691
Impairment of investment in associates	7,645	–
Accretion and interest expense	11,041	–
Unrealized foreign exchange	(114)	217
Changes in non-cash operating working capital		
Amounts receivable	(221,080)	19,971
Prepayments	(4,853)	(46,160)
Due to related parties	20,876	(80,244)
Accounts payable and accrued liabilities	16,435	290,362
Cash (used for) operating activities	(401,319)	(347,642)
Investing activities		
Deposits receipts	–	31,240
Investment in associates	(7,645)	–
Cash provided by (used for) investing activities	(7,645)	31,240
Financing activities		
Proceeds from demand loans	25,500	–
Share subscription received	–	147,000
Cash provided by financing activities	25,500	147,000
Increase in cash	(383,464)	(169,402)
Effect of exchange rate fluctuations on cash held	(15)	(4,621)
Cash, beginning of year	387,234	224,744
Cash, end of the period	3,755	50,721

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

CAT Strategic Metals Corporation (formerly Chimata Gold Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 16, 2010. The common shares of the Company began trading on TSX Venture Exchange ("TSXV") on September 16, 2011 under the symbol "CAT", and on the Frankfurt Exchange on July 29, 2014 under the symbol "8CH". Effective June 14, 2018, the Company's shares were transferred from TSXV to the Canadian Securities Exchange ("CSE") under the symbol "CAT". The decision to move the listing of its common shares from the TSXV to the CSE was taken by the Company as it deems that the CSE may be a more suitable stock exchange with respect to its development and its future expansion. Effective May 6, 2019, the Company's shares were halted for trading due to corporate reorganization. The trading of the Company's shares was subsequently resumed on May 6, 2020. The Company's principal activity is the acquisition and exploration of mineral properties.

On February 14, 2019, the Company changed its name to CAT Strategic Metals Corporation from Chimata Gold Corp.

The registered records office and place of business of the Company is 1010 – 789 West Pender Street, Vancouver, BC V6C 1H2.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at March 31, 2023, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. 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 cash on hand, loans from related parties and/or private placement of common shares.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the three months ended March 31, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries (collectively, the “Company”). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Voting Control	Functional Currency
CAT Strategic Metals Corporation	Canada	Parent Company	Canadian Dollar
1242006 B.C. Ltd.	Canada	100%	Canadian Dollar
Grand Mines Ltd.	Canada	100%	Canadian Dollar
CAT Strategic (Nevada) Inc.	USA	100%	US Dollar

c) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

d) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company’s financial statements include:

- the assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of expenditures as exploration and evaluation expenditures or operating expenses.

e) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to apply the requirements to recognize right-of-use assets and lease liabilities at initial recognition date in accordance with IFRS 16 for short-term leases and leases for which the underlying asset is of low value. Instead, the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

4. EXPLORATION AND EVALUATION EXPENDITURES

	New Brunswick, Canada	Saskatchewan, Canada	BC, Canada	Nevada, USA	Nevada, USA	Total
	$	$	$	$	$	$
Balance, December 31, 2021	**1,851,550**	**2,069,747**	**20,039**	**827,637**	**515,572**	**5,284,545**
Acquisition Costs - Shares issuance						-
Acquisition Costs - Cash payment						-
Exploration Costs	353,174	-	-	23,008	11,225	387,407
Balance, March 31, 2022	**2,204,724**	**2,069,747**	**20,039**	**850,645**	**526,797**	**5,671,952**
Balance, December 31, 2022	**1,851,550**	**2,069,747**	**20,039**	**1,006,900**	**515,572**	**5,463,808**
Acquisition Costs - Cash payment	-	-	-	-	-	-
Exploration Costs	-	27,883	-	-	-	27,883
Exploration Costs (Discontinued operation)	-	-	-	-	-	-
Balance, March 31, 2023	**1,851,550**	**2,097,630**	**20,039**	**1,006,900**	**515,572**	**5,491,691**

a) South Preston, Saskatchewan, Canada

On February 15, 2021, the Company entered into a binding letter agreement with Grand Mines Ltd ("Grand Mines") which owns a 100% undivided interest in the South Preston Uranium Property located in Saskatchewan, Canada (the "Grand Mines Agreement"). On March 15, 2021, the Company entered into a definitive agreement with Grand Mines Ltd ("Grand Mines"), and acquired 100% of the issued and outstanding shares of Grand Mines by way of three-cornered amalgamation (the "Grand Mines Agreement"), in consideration of the issuance of 27,500,000 common shares ("Shares") of the Company issued at a deemed value of $0.07 per Share and the payment of $50,000 (paid). The Company has also assumed responsibility for a pre- existing 2% royalty on the South Preston Uranium Project.

On February 16, 2021, the Company purchased additional claims related to the South Preston Uranium Property by making a cash payment of $25,000 (paid).

b) **Gold Jackpot, Nevada, USA**

On January 21, 2021, the Company entered into an exploration and option agreement (the "Agreement") for the Gold Jackpot Property ("Property"). The unpatented lode claims of the Property are located in Elko, Nevada.

The Agreement grants the Company the sole and exclusive right to acquire an undivided one hundred percent interest in the Gold Jackpot Property in exchange for a cash payment of US$15,000 (paid) and the issuance of 2,000,000 common shares of the Company ("CAT Shares") (issued) at closing of the Agreement. The CAT Shares are subject toa statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. In addition, the Company is required to incur $500,000 in exploration or expenditures related to the Property over a 4-year period, with no requirement for annual minimum expenditures, and annual payments of US$10,000 commencing on the first anniversary date until such time the option is exercised. The Company will grant the Vendor a 2% Net Smelter Royalty ("**NSR**") on the property, subject to an agreement that each 1% of the NSR on select claims could be repurchased by the Company for an amount of US$1,000,000.

c) **Burntland, New Brunswick, Canada**

On September 10, 2020, the Company entered into an option agreement (the "Agreement") pursuant to an arm's length negotiation with the vendors (the "Vendors"). The Agreement gives the Company the exclusive right to acquire up to a 100% undivided ownership in the Burntland mineral property (the "Property") over a 4-year period from September 21, 2020 (the "Closing Date"). The Property is comprised of approximately 1,200 hectares located approximately 60 Km Northeast of Saint Quentin in the county of Restigouche, New Brunswick, Canada.

Pursuant to the Agreement, the Company issued 25,000,000 common shares valued at $875,000 (based on stock closing quote on the date of share issuance) to the Vendors, must incur exploration and development expenditures on the Property necessary to maintain the minerals claims in good standing during the option period of 4 years, and will also make payments totaling $1,000,000 to the Vendors as follows:

- $250,000 due 12 months from the Closing Date;
- $250,000 due 24 months from the Closing Date to acquire an earned-in interest of 51% ($187,500 paid and $62,500 unpaid);
- $250,000 due 36 months from the Closing Date to acquire an additional earned-in interest of 24%,for a total 75% interest in the Property; and
- $250,000 due 48 months from the Closing Date to acquire an additional earned-in interest of 25%,for a total 100% interest in the Property.

The Company has the right to pay up to half of each scheduled payment in common shares of the Company, such calculation based on the Volume Weighted Average Price (VWAP) of the Company's shares over the previous 20 trading day period.

In addition, the Company will also grant to the Property's Vendors a Net Smelter Return Royalty (NSR) equal to 2.0% resulting from the extraction and production of any mineral products on the Property.

On December 20, 2021, the Company issued 7,000,000 shares at a fair value of $0.035/share, totaling $245,000, to the vendors of two additional claims comprised of 520 hectares of land that are adjacent and contiguous to the Burntland Project.

d) Rimrock Gold Property, Nevada, USA

On November 02, 2020, the Company acquired all of the issued and outstanding shares of 1242006 BC Ltd. ("124BC"), a private company incorporated in BC, Canada, an arm's length party, by issuing 25,000,000 common shares of the Company, fair valued at $750,000.

124BC holds a property earn-in and joint venture agreement to acquire up to an 80% undivided interest in the Rimrock Gold mineral property (the "Rimrock Property") from its 2 property owners. The Rimrock property is comprised of 81 unpatented lode mining claims situated in Elko County, Nevada, USA.

Pursuant to the earn-in and joint venture agreement, the Company is required to incur Cdn$620,000 in exploration or expenditures related to the Rimrock Property over a 4-year period, of which $210,000 must be spent within the first 12 months, after which the Company will have earned a 51% interest in the Rimrock Property. There are no annual minimum expenditures per year during the remainder of the term regarding the remaining $410,000 of expenditures. The Company will earn a 7.25% interest in the Rimrock Property for every $102,500 spent, until such time as the80% participating interest in Rimrock is earned. The Company will grant the Vendors a 2% Net Smelter Royalty ("**NSR**") on Rimrock, subject to an agreement that each 1% of the NSR on select claims could be repurchased by the Company for an amount of US$1,000,000.

Furthermore, the Company commits to retain one of the property owners for geological consulting services with a minimum retainer of US$20,000 per year, with the first payment payable on the effective date and thereafter payable in advance on each anniversary of the effective date, until such time as the 80% participating interest in the property is earned. The Company also commits to pay US$10,000 per year to the other property owner, with the first payment payable on the effective date and thereafter payable in advance on each anniversary date of the effective date, until such time as the 80% participating interest in the property is earned. This advance payment shall be deducted from the expenses or funding expenditures on or in relation to the property.

On March 28, 2022, the Company entered into a Share Purchase Agreement (the "Agreement") with EXLA Resources Inc. ("EXLA"), a Colorado corporation, whereby EXLA will purchase all of the shares of 124006 BC Ltd. ("124006"), a wholly owned subsidiary of CAT. The sole asset of 124006 is a Property Earn-In and Joint Venture Agreement concerning the Rimrock Gold property located in Nevada, USA. Terms of the Agreement are as follows:

i) EXLA will Pay CAT US$125,000;
ii) Issue to CAT One Hundred-Ten Million Shares (110,000,000) in the capital of the company and;
iii) Grant CAT a One Percent (1%) Net Smelter Royalty ("NSR")

During the three months ended March 31, 2023, the net loss for 124006 was $NIL (2022 - $20,945) consisted of $NIL (2022 - $23,008 exploration costs and unrealized foreign exchange gain of $2,062).

5. LONG-TERM INVESTMENT

Long-term investment represents the fair value of the Company's 19% shareholdings in Zimbabwe Lithium Company (Mauritius) Limited ("Zimbabwe Lithium", or "ZIM"), a privately held company incorporated under the laws of Mauritius as at March 31, 2019. Zimbabwe Lithium has the right to develop mining properties in Zimbabwe (the "Properties").

On December 27, 2017 the Company entered into a binding letter of intent (the "LOI") with Zimbabwe Lithium for a proposed reverse take-over between the Company and Zimbabwe Lithium (the "Transaction"). On October 31, 2018, the Company executed a share exchange agreement (the "Agreement") with the existing shareholders of ZIM. Pursuant to the terms of the LOI and the Agreement, the Transaction is defined into two distinctive phases: First Phase and Second Phase.

First Phase:

- The Company would issue its common shares to the existing shareholders of ZIM in exchange for 19% of the issued and outstanding shares in Zimbabwe Lithium. On October 31, 2018, the Company issued 9,185,040 common shares from its share capital with a fair value of $826,654, representing an aggregate of 19% of the current issued and outstanding share capital of the Company. In return, ZIM issued to the Company 755 ZIM shares, representing an aggregate of 19% of the current issued and outstanding share capital of ZIM.

- The Company committed to advance the amount of US$500,000 to ZIM allowing ZIM to cover historical test work and consultant expenditures that have been incurred bringing the project to its current state as well as expenditures as they are gradually incurred, project expenditures and exploration on the Properties, including potential license and option payments to the Zimbabwe Mining Development Corporation ("ZMDC"), salaries and consultancy fees, drilling and assaying on the Properties along with the completion of a National Instrument 43-101 ("NI 43-101") compliant resource estimate of the Properties (the "Estimate"). As at December 31, 2018, the Company has advanced $721,077 (US$560,000). These cash advances were capitalized as cost of investment.

Second Phase:

- The proceeding to the Second Phase of the Transaction is subjected to the Estimate revealing that the resource contains a minimum of 11,111,000 cubic meters of tailings material at minimum 0.60 percent Lithia (Li_2O with the majority of the mineralization consisting of Spodumene) (the "Threshold Percentage") which is subject to an independent valuation certified by a Qualified Person under NI 43-101.
- Should the Estimate reveal that the Threshold Percentage is reached, ZIM shall be entitled to receive an additional share allocation of 51% of the current issued and outstanding share capital of the Company.

Up until December 31, 2019, the Company, through its shareholding and board representation in ZIM, exercises significant influence over that company, but not control. As a result, the investment in Zimbabwe Lithium is accounted for using the equity method up until December 31, 2019. As at January 1, 2020, the Company reclassified its investment in Zimbabwe Lithium from equity investment to investment at cost, the basis of which was that the Company's involvement with ZIM is extremely passive, its shareholding percentage continues to become diluted, and the Company has plans to divest itself of ZIM.
As at June 28, 2019, the Company and ZIM terminated the Second Phase and the Definitive Agreement. During the three months ended March 31, 2023, management assessed the fair value of the investment in associate to be $nil and recognized an impairment of $7,635 (March 31, 2022 - $NIL).

6. EQUIPMENT

		Software		Vehicle		Total
Cost						
Balance, December 31, 2021	$	2,230	$	20,236	$	22,466
Additions		–		–		–
Foreign exchange		–		–		–
Balance, March 31, 2022	**$**	**2,230**	**$**	**20,236**	**$**	**22,466**

		Software		Vehicle		Total
Accumulated Amortization						
Balance, December 31, 2021	$	1,780	$	2,053	$	3,833
Changes		74		3,691		3,765
Foreign exchange		–		(78)		(78)
Balance, March 31, 2022	**$**	**1,854**	**$**	**5,666**	**$**	**7,520**

		Software		Vehicle		Total
Cost						
Balance, December 31, 2022	$	2,230	$	21,933	$	24,163
Additions		–		–		–
Foreign exchange		–		(18)		(18)
Balance, March 31, 2023	**$**	**2,230**	**$**	**21,915**	**$**	**24,145**

		Software		Vehicle		Total
Accumulated Amortization						
Balance, December 31, 2022	$	2,080	$	6,141	$	8,221
Additions		15		789		804
Foreign exchange		–		(5)		(5)
Balance, March 31, 2023	**$**	**2,095**	**$**	**6,925**	**$**	**9,020**

		Software		Vehicle		Total
Net Carrying Amount						
Balance, March 31, 2022	**$**	**376**	**$**	**14,570**	**$**	**14,946**
Balance, March 31, 2023	**$**	**135**	**$**	**14,990**	**$**	**15,125**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	**December 31, 2022**
	$	$
Trades payable	384,833	368,398
Accrued liabilities	24,000	24,000
	408,833	392,398

8. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel during the three months ended March 31, 2023 and 2022 was as follows:

	March 31, 2023	March 31, 2022
	$	$
Management and consulting fees	89,008	111,163
Share based compensation	-	-
	89,008	111,163

During the three months ended March 31, 2023, the Company incurred $71,008 (US$52,500) consulting fees to the Company's Chairman, Director and CEO (2022 - $100,663).

During the three months ended March 31, 2023, the Company incurred $7,500 fees to an entity controlled by the CFO of the Company (2022 - $7,500).

During the three months ended March 31, 2023, the Company incurred $10,500 (2022 - $10,500) consulting fees to the Company's Director and Corporate Secretary to an entity associated with the Company's Director, Corporate Secretary and Former CFO.

During the three months ended March 31, 2023, the Company reversed the over-accrued consulting fees of $NIL (2022 - $7,500) to an independent director of the Company.

As at March 31, 2023, the Company's balances owing to (from) the related parties include:

- $62,546 (December 31, 2022 - $53,795) owed to the Company's Chairman, Director and CEO;
- $2,100 (December 31, 2022 - $4,900 advanced to the entity associated with the Company's Director and Corporate Secretary) owed to the entity associated with the Company's Director and Corporate Secretary;
- $7,750 (December 31, 2022 - $2,625) owed to an entity controlled by the Company's CFO;
- $5,000 (December 31, 2022 - $5,000) consulting fees were accrued for an independent director for his service of August to September 2021;

The above balances are non-interest bearing, unsecured and due on demand.

(a) The Company entered into a consulting agreement with the Company's Chairman, Director and CEO whereby the Company is required to pay a monthly consulting fee of US$12,500 over a term of 36 months commencing from October 21, 2020. The monthly consulting fee will increase to US$15,000 per month on the first anniversary of the agreement and the increased monthly consulting fee of US$15,000 per month will be effective for the remaining 24 months of the term. The Company is also committed to pay the Chairman, Director and CEO a monthly health benefit allowance of US$2,500 and monthly vehicle allowance of US$1,500.

9. SHARE CAPITAL

Authorized share capital:
Unlimited common shares and preferred shares without par value

Three months ended March 31, 2023 and 2022

There were no share capital transactions during the periods

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted average exercise price	Weighted average number years to expiry
		$	
Balance, December 31, 2022	123,036,319	0.08	2.34
Expired	(1,166,513)	0.09	-
Balance, March 31, 2023	121,869,806	0.08	2.11
Balance, December 31, 2021 and March 31, 2022	55,264,153	0.11	2.72

As at March 31, 2023, the Company had the following warrants outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Warrants Outstanding
August 20, 2020	August 20, 2023	$ 0.05	24,724,000
March 1, 2021	February 28, 2026	$ 0.16	21,380,400
March 30, 2021	February 28, 2026	$ 0.16	3,347,222
April 21, 2021	April 21, 2023	$ 0.08	122,500
April 21, 2021	April 21, 2026	$ 0.16	4,169,600
June 23, 2021	October 23, 2023	$ 0.09	60,862
June 23, 2021	February 28, 2026	$ 0.16	293,056
May 25, 2022	May 25, 2025	$ 0.05	28,422,167
June 15, 2022	June 15, 2026	$ 0.05	14,349,999
December 29, 2022	December 29, 2025	$ 0.05	25,000,000
			121,869,806

Share Options

The Company's incentive stock option plan (the "Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the Company may grant a total of options not exceeding 10% of the issued and outstanding common shares.

A continuity of the Company's options is as follows:

	Share Options	Weighted average exercise price	Weighted average number years to expiry
		$	
December 31, 2022 and March 31, 2023	7,570,000	0.08	2.15
December 31, 2021 and March 31, 2022	8,970,000	0.08	3.15

As at March 31, 2022, the Company had the following options outstanding:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of options Exercisable
June 11, 2018	June 11, 2023	$ 0.15	470,000	470,000
January 8, 2021	January 8, 2026	$ 0.06	7,000,000	7,000,000
February 16, 2021	February 15, 2026	$ 0.08	100,000	100,000
			7,570,000	7,570,000

10. CAPITAL MANAGEMENT

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analysed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing Long-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the three months ended March 31, 2022.

11. FLOW-THROUGH EXPENDITURES

Summary of renunciations related to the tranches for flow through share issuances during the three months ended March 31, 2023 are as follows:

During the three months ended March 31, 2023, $NIL (2022 - $105,250 were spent in relation to the flow through shares issued during the year ended December 31, 2021).

12. CONVERTIBLE DEBENTURES

On September 29, 2022, the Company entered into a senior secured loan agreement (the "Convertible Loan Agreement") with Komodo Holding Ulc., a third party arms-length lender. This lender (the `Lender`) advanced $91,000 in total to the Company between September 29, 2022 and December 31, 2022. The key terms of the Convertible Loan Agreement are as follows:

a. The Company shall repay the principal amount of the advances in full eighteen (18) months from the date of the loan advance.

b. The Company shall pay interest at an annual rate of 8% from and including the Date of Advance(s) on the amount of the outstanding. Interest will accrue on a quarterly basis compounded and calculated monthly and the accumulated interest shall be paid as a single balloon payment to be added to the principal repayment at maturity.

c. The Lender has the right, at their sole discretion, to convert the loan advances (Principal and Interest) either partially or totally at any time on or before the Maturity Date into units of the Company at a price of $0.05 per unit. Each unit is comprised of one (1) common share and one common share purchase warrant. Each warrant entitles the Lender to purchase an additional common share at an exercise price of $0.05 per warrant for a period of 36 months following the exercise date of the warrants. The Loan advances can be converted in whole or in part so long as the Lenders convert a minimum of $50,000 for each tranche. The Lender shall not have the right to convert any portion of the Loan if it would yield an ownership percentage above 9.9% of the outstanding common shares of the Company on a fully diluted basis.

d. The Company and the Lender entered into a general security agreement whereby the Company provides for a charge over all of the Company`s assets, subject to customary permitted encumbrances.

	Liability	**Equity (Reserve - Conversion Feature)**	**Total**
	$		$
Balance, December 31, 2020 and December 31, 2021	–	–	–
Proceeds	76,152	14,848	91,000
Accretions	3,295	–	3,295
Balance, December 31, 2022	**79,447**	**14,848**	**94,295**
Accretions	3,979	–	3,979
Balance, December 31, 2022	**83,426**	**14,848**	**98,274**

For financial reporting purposes, the debentures were separated into liability and equity components. Fair value of the liability component is first determined by discounting the face value and coupon interest to the present value of the inception date of the debentures. The effective interest rates for the liability components is 20% with maturity dates ranging from April 3, 2024 to May 4, 2024. The equity component related to the common shares conversion feature is then estimated by subtracting the fair value of the liability component from the gross proceeds of the debenture.

13. DEMAND LOANS

Between January 1, 2022 to March 31, 2023, Twilight Capital Inc., an arms-length party (the "Lender") advanced a total of $313,500 to the Company. On June 28, 2022 and July 18, 2022, the Company and the Lender entered into loan agreements (the "Twilight Demand Loan Agreements") whereby the Company shall pay the Lender without delay on or before the earlier of the day the Company receives funds from its next financing or day that is six (6) months from the date of funds advanced. In December 2022, the Company repaid $200,000. As at March 31, 2023, the Company owed $113,500 plus accrued interest of $12,359 at 8% per annum of the outstanding balance (December 31, 2022 - $88,000 plus accrued loan interest of $9,834).

Between January 1, 2022 to March 31, 2023, Komodo Holdings Ulc., an arms-length party (the "Lender") advanced a total of $230,000 to the Company. On August 3, 2022, the Company and the Lender entered into a loan agreement (the "Komodo Demand Loan Agreement") whereby the Company shall pay the Lender without delay on or before the earlier of the day the Company receives funds from its next financing or day that is six (6) months from the date of funds advanced. As at March 31, 2023, the Company owed $230,000 plus accrued loan interest of $11,412 at 8% per annum of the outstanding balance (December 31, 2022 - $230,000 plus accrued loan interest of $6,876).

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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. The Company's primary exposure to credit risk is on its cash held in bank accounts.

As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its Long-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements as well as related party loans. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Currency risk
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 does not incur significant expenditures that are denominated in foreign currencies, and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Canadian prime interest rate is fairly stable, the Company's exposure to interest rate risk is not considered to be significant.

Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in market that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The Company did not have financial instruments measured at fair value on a recurring basis during the three months ended March 31, 2023 and 2022.

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to the relatively short period to maturity of these financial instruments.

15. CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of the COVID-19 virus and the worldwide pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected and are difficult to quantify. Regional disease outbreaks and pandemics represent a serious threat to hiring and maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and pandemics and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs and insurance premiums as a result of these health risks.

In addition, the pandemic has created a dramatic slowdown in the global economy. The duration of the outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity thereby severely limiting access to essential capital.

16. EVENT AFTER THE REPORTING PERIOD

On April 21, 2023, 112,500 share purchase warrants with an exercise price of $0.08 per warrant were expired.