GO METALS CORP.

Consolidated Financial Statements

For the years ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GO METALS CORP.

Opinion

We have audited the consolidated financial statements of Go Metals Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at July 31, 2022 and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss of $642,163 during the year ended July 31, 2022 and, as of that date, had an accumulated deficit of $6,233,378. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 18, 2022

GO METALS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	July 31, 2022 $	July 31, 2021 $
Assets		
Current Assets		
Cash	1,560,339	348,084
GST and other receivables	6,088	19,689
Prepaid expenses and deposits	300,849	6,253
Due from related parties (Note 8)	72,624	890
Total Current Assets	1,939,900	374,916
Non-current assets		
Mineral properties (Note 4)	255,269	267,000
Right-of-use asset (Note 5)	778	10,106
Total Assets	**2,195,947**	**652,022**
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	57,933	86,178
Due to related parties (Note 8)	28,741	98,617
Loan payable (Notes 6 and 8)	38,141	37,136
Flow-through premium liability (Note 7)	293,208	63,203
Current portion of lease liabilities (Note 9)	852	9,438
Total Current Liabilities	418,875	294,572
Long-term liabilities		
Long term portion of lease liabilities (Note 9)	-	852
Total Liabilities	**418,875**	**295,424**
Shareholders' Equity		
Share capital (Note 7)	6,532,597	4,982,280
Contributed surplus	1,477,853	965,533
Deficit	(6,233,378)	(5,591,215)
Total Shareholders' Equity	1,777,072	356,598
Total Liabilities and Shareholders' Equity	**2,195,947**	**652,022**

Approved by the Board of Directors on November 18, 2022:

"Scott Sheldon" — Scott Sheldon, Director & CEO

"Donald Sheldon" — Donald Sheldon, Director

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

GO METALS CORP.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended	July 31, 2022 $	July 31, 2021 $
Exploration Expenses (Notes 4 and 8)	**196,935**	**820,344**
Administrative Expenses		
Accretion (Notes 9 and 10)	912	440
Audit and accounting	66,169	52,677
Consulting fees	9,437	18,913
Depreciation (Note 5)	9,328	2,332
General and administrative	20,395	19,727
Interest (Notes 6, 8 and 10)	7,613	1,005
Legal	3,210	2,695
Management fees (Note 8)	81,000	112,000
Marketing	5,296	16,124
Stock-based compensation (Notes 7 and 8)	266,794	164,627
Transfer agent, filing and stock exchange fees	18,798	13,656
Travel	7,508	-
Total administrative expenses	**496,460**	**404,196**
Net loss before other items	(693,395)	(1,224,540)
Other Income (Expenses)		
Write-off of accounts payable	17,112	33,624
Write-off of mineral property (Note 4)	(30,000)	-
Flow-through share premium recovery (Note 7)	64,120	115,189
Net loss and comprehensive loss for the year	**(642,163)**	**(1,075,727)**
Loss per share, basic and diluted	(0.06)	(0.20)
Weighted average shares outstanding	11,212,751	5,467,886

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

GO METALS CORP.

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share Capital						
	Common Shares	Amount $	Preferred Shares	Amount $	Contributed Surplus $	Deficit $	Total $
Balance, at July 31, 2020	**4,135,362**	**3,940,462**	**706,292**	**-**	**678,163**	**(4,515,488)**	**103,137**
Private placements	1,528,172	1,353,575	-	-	78,175	-	1,431,750
Flow through premium	-	(176,307)	-	-	-	-	(176,307)
Share issuance costs – cash	-	(90,882)	-	-	-	-	(90,882)
Share issuance costs – warrants	-	(44,568)	-	-	44,568	-	-
Stock-based compensation	-	-	-	-	164,627	-	164,627
Net loss for the year	-	-	-	-	-	(1,075,727)	(1,075,727)
Balance, at July 31, 2021	**5,663,534**	**4,982,280**	**706,292**	**-**	**965,533**	**(5,591,215)**	**356,598**
Shares issued for debt	84,000	21,000	-	-	-	-	21,000
Private placements	14,800,003	2,203,501	-	-	-	-	2,203,501
Flow through premium	-	(294,125)	-	-	-	-	(294,125)
Share issuance costs – cash	-	(134,533)	-	-	-	-	(134,533)
Share issuance costs – warrants	-	(245,526)	-	-	245,526	-	-
Stock-based compensation	-	-	-	-	266,794	-	266,794
Net loss for the year	-	-	-	-	-	(642,163)	(642,163)
Balance, at July 31, 2022	**20,547,537**	**6,532,597**	**706,292**	**-**	**1,477,853**	**(6,233,378)**	**1,777,072**

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

GO METALS CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the years ended	July 31, 2022 $	July 31, 2021 $
Cash provided by (used in):		
Operating activities		
Net loss for the year	(642,163)	(1,075,727)
Adjustments for non-cash items		
Depreciation	9,328	2,332
Accretion	912	440
Interest	7,613	1,005
Flow-through share premium recovery	(64,120)	(115,189)
Write-off of accounts payable	(38,548)	(33,624)
Write-off of mineral properties	30,000	-
Stock-based compensation	266,794	164,627
Changes in non-cash operating working capital:		
GST and other receivables	13,601	(16,690)
Prepaid expenses and deposits	(294,596)	(938)
Accounts payable and accrued liabilities	31,302	33,142
Due to/from related parties	(91,610)	40,908
Cash used in operating activities	(771,487)	(999,714)
Investing activities		
Claims staked	(18,269)	-
Lease payments	(10,350)	(2,588)
Option payments	-	(30,000)
Cash used in investing activities	(28,619)	(32,588)
Financing activities		
Proceeds from convertible debentures issued	100,000	-
Payment of convertible debentures principal and interest	(156,608)	-
Proceeds from private placements	2,203,501	1,431,750
Share issue costs	(134,532)	(90,882)
Cash received from financing activities	2,012,361	1,340,868
Increase in cash	1,212,255	308,566
Cash, beginning of year	348,084	39,518
Cash, end of year	1,560,339	348,084
Supplemental information		
Residual value of warrants issued	-	78,175
Warrants issued for finders' fees	245,526	44,568
Right-of-use asset additions	-	12,438
Shares issued for debt	21,000	-
Conversion of accounts payable into convertible debentures	50,000	-
Cash paid for interest	6,608	-
Cash paid for income tax	-	-

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

1. Nature of Operations and Going Concern

Go Metals Corp. (“Go Metals” or the “Company”) was incorporated on April 27, 2012 in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol “GOCO” and its registered office is located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada.

The Company is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at July 31, 2022, the Company has not generated any revenues from operations and has an accumulated deficit of $6,233,378 (2021 - $5,591,215). The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. COVID-19 has not had a significant impact on the Company, although it is unknown at this time and it is not possible to reliably estimate the impact on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities and access to mineral properties.

2. Basis of Presentation

These consolidated financial statements were authorized for issue on November 18, 2022 by the directors of the Company.

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its consolidated financial statements. These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

(d) Basis of Consolidation

These consolidated financial statements include the financial information of the Company and its wholly owned subsidiary, Shiraz Petroleum Corporation, from the date of incorporation on November 17, 2014. Shiraz Petroleum Corporation is a dormant/ inactive company. Any intercompany balances are eliminated upon consolidation.

3. Significant Accounting Policies

(a) Mineral Properties

Recognition and Measurement

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees and advance royalty payments.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement.

3. Significant Accounting Policies (continued)

(a) Mineral Properties (continued)

Recognition and Measurement (continued)

These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company.

The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted in profit or loss.

(b) Impairment of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets at each reporting period. An impairment loss is recognized when estimated future cash flows resulting from the use of an asset and its eventual disposition is less than its carrying amount.

A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavourable economic, legal, regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are a key factor considered as part of the ongoing assessment of the recoverability of the carrying amount of mineral properties. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount valued at higher of value in use (present value of the estimated future cash flows) and proceeds from disposition, net of selling costs.

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. Significant Accounting Policies (continued)

(d) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

(e) Financial Instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss); and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (“OCI”). For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company’s accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises of liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Amortized cost – This category included accounts payable and accrued liabilities, due to related parties, loans payable, lease liabilities and convertible debentures, which are recognized at amortized cost using the effective interest method.

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 or liabilities assumed, is recognized in profit or loss.

3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(f) Loss Per Share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

(g) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value of assets or services received. If this value cannot be determined, the transaction is measured at the fair market value of the shares on the date the shares are issued. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. Proceeds from unit placements are allocated between shares and warrants issued according to the residual method with proceeds being first allocated to share capital based on their market value at the date the agreement to issue shares was concluded.

(h) Stock-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees the transaction is measured at fair value of the goods or services received. If value of goods or services received cannot be accurately determined, the transaction is measured at the fair value of the stock-based compensation.

3. Significant Accounting Policies (continued)

(i) Flow-through placements

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. Upon expenses being incurred, the liability component is derecognized in the statement of loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-Back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(j) Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical Accounting Estimates

The following are the key estimates that may have a significant risk of resulting in a material adjustment in future periods.

Fair value estimates of equity instruments
The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company. Forfeiture rates and dividend yields are estimated based on historical data.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. Significant Accounting Policies (continued)

(j) Critical Accounting Judgments and Estimates (continued)

Critical Accounting Estimates (continued)

Impairment of long-lived assets
The carrying value and the recoverability of long-lived assets, including mineral properties, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

If, after mineral property expenditures are capitalized, information becomes available suggesting that the carrying amount of the mineral properties may exceed its recoverable amount the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

Right-of-use assets and lease liabilities
The Company uses estimation in determining the incremental borrowing rate used to measure the lease liabilities, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Interest rates
The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debentures. The determination of market interest rate is subjective and could materially affect the fair value estimate.

Critical Judgments Used in Applying Accounting Policies

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of mineral properties
Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of Going Concern Assumption
The preparation of these consolidated financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company as discussed in Note 1.

3. Significant Accounting Policies (continued)

(j) Critical Accounting Judgments and Estimates (continued)

Critical Judgments Used in Applying Accounting Policies (continued)

Mining exploration tax credits and flow-through expenditures
The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia and Quebec (the “Provinces”). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the province in the calculation of credits. The calculation of the Company’s refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the provinces. Differences between management’s estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense. The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company’s required expenditures not being fulfilled.

Impairment of mineral properties
Assets or cash-generating units (“CGUs”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s mineral properties.

(k) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(k) Leases (continued)

The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

(l) Convertible Debentures

The convertible debentures were separated into their liability and equity components on issuance of the instruments. The liability component is initially recognized at fair value, calculated at the present value of the liability based upon debt instruments, conversion feature or warrants issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt instruments with similar terms at the time of issue. The residual value is then allocated to the equity component.

4. Mineral Properties

The Company's mineral property interests are comprised of the following properties:

	Monster	Nickel Paladium	Ashuanipi	Total
Balance, at July 31, 2020	$ 237,000	$ -	$ -	$ 237,000
Additions	-	-	30,000	30,000
Balance, at July 31, 2021	237,000	-	30,000	267,000
Additions	-	18,269	-	18,269
Impairment	-	-	(30,000)	(30,000)
Balance, at July 31, 2022	$ 237,000	$ 18,269	$ -	$ 255,269

During the year ended July 31, 2022, the Company incurred exploration expenditures as follows:

	Monster	Nickel Palladium	Ashuanipi	Total
Exploration expenditures	$ 892	$ 35,316	$ 4,949	$ 41,157
Geological	3,603	133,142	46,193	182,938
Travel and transportation	226	3,050	-	3,276
Recovery of expenses	-	(9,000)	-	(9,000)
Total mineral property expenditures	$ 4,721	$ 162,508	$ 51,142	$ 218,371

During the year ended July 31, 2021, the Company incurred exploration expenditures as follows:

	Monster	Nickel Palladium	Ashuanipi	Total
Assay	$ 5,960	$ -	$ -	$ 5,960
Drilling	117,451	-	-	117,451
Field work	23,018	-	-	23,018
Geological and Geophysical Survey	124,444	207,947	170,060	502,451
Helicopter and other transport	201,356	2,806	-	204,162
License and filing	6,080	1,222	-	7,302
Recovery of expenses	(40,000)	-	-	(40,000)
Total mineral property expenditures	$ 438,309	$ 211,975	$ 170,060	$ 820,344

4. Mineral Properties (continued)

Monster Property, Yukon Territory, Canada

During the year ended July 31, 2018, the Company acquired a 100% interest in a cobalt property located in the Yukon (the “Monster Property”). For consideration, the Company is required to make a cash payment of $45,000 (paid) and issue 106,667 common shares fair valued at $192,000 (issued).

Nickel Palladium Platinum Property, Quebec, Canada

In February 2019, the Company acquired a 40 claim 2000 Ha nickel-copper-platinum group elements project located north of Havre-Saint-Pierre in Quebec, Canada.

Ashuanipi Gold Property, Quebec, Canada

On May 5, 2021, the Company entered into an agreement with Flow Metals Corp. whereby the Company can earn in on the Ashuanipi property for up to 80% through the funding of exploration as follows:

- $200,000 spent on exploration by December 1, 2021 for the Company to earn 40% - completed;
- $200,000 spent on exploration by December 1, 2022 for the Company to earn an additional 20%;
- Following the exploration expenditures from the Company of $400,000, the Company has the option to create a Joint Venture; or
- The Company may spend an additional $400,000 by December 1, 2023 to earn an additional 20% interest.

In accordance with the agreement, the Company has the obligation to pay the cash portion of the option agreement from Flow Metals Corp. with Windfall Geotek Inc. (“Windfall”). These payments are outlined below.

Cash consideration

(i) $30,000 to be paid within the first anniversary date from signing of the agreement (amended on April 23, 2020 to 13 months of the common shares of the Company being listed on the Canadian Securities Exchange (“CSE”)) (paid);
(ii) $40,000 to be paid February 20, 2022 (not paid); and
(iii) $50,000 to be paid February 20, 2023.

The transaction is a related party transaction as the Company and Flow Metals Corp. share common management and directors (Note 8). Additionally, Windfall has retained a 2% net smelter return on the Ashuanipi property.

During the year ended July 31, 2022, the Company decided not to continue pursuing the Ashuanipi property and determined that indicators of impairment existed. As a result, the Company terminated the option agreement with Flow Metals Corp. A test of the recoverable amount of the Ashuanipi property resulted in an impairment loss of $30,000 during the year ended July 31, 2022. Management determined the value in use of the property in accordance with level 3 in the fair value hierarchy was $Nil as the option agreement was terminated.

(Expressed in Canadian dollars)

5. Right-of-use asset

During the year ended July 31, 2021, the Company entered into a sublease agreement for office space. Upon entering into the lease, the Company measured the present value of the lease payments using an incremental borrowing rate of 15% per annum and recognized $12,438 as a right-of-use asset. The sublease is reflected on the consolidated statement of financial position as a right-of-use asset, with an associated lease liability (Note 9).

The following is a continuation table for the right-of-use asset:

Balance July 31, 2020	$ -
Additions	12,438
Depreciation	(2,332)
Balance July 31, 2021	10,106
Depreciation	(9,328)
Balance July 31, 2022	$ 778

6. Loan Payable

As at July 31, 2022, the Company has a loan outstanding with a principal value of $20,100 (2021 - $20,100) bearing interest at 5% and various current and arrear interest components totaling $18,041 (2021 - $17,036) due to a related party (Note 8). Interest incurred on the loan payable during the year ended July 31, 2022 was $1,005 (2021 - $1,005).

7. Share Capital

(a) Authorized

Unlimited number of common shares without par value.
Unlimited number of Class A Preferred Shares with a par value of $0.015.

(b) Outstanding

On July 31, 2022, the Company had 20,547,537 (2021 - 5,663,534) common shares outstanding at $6,532,597 (2021 - $4,982,280) and 706,292 (2021 - 706,292) class A preferred shares outstanding at $Nil (2021 - $Nil).

(c) Share transactions

i) For the year ended July 31, 2022

On May 9, 2022, the Company closed a non-brokered private placement and issued a total of 2,000,003 Quebec flow-through shares at a price of $0.30 per FT Share for gross proceeds of $600,000. The Company paid finder's fees of $42,000 cash and 140,000 finder warrants have been issued. Each warrant will entitle the holder thereof to acquire one common share at a price of $0.30 for a period of 24 months from closing. The flow-through liability associated with these issuances using the residual method was $294,125. The Company recognized flow-through premium liability of $14,126 on incurred expenditures as flow-through share premium recovery during the year ended July 31, 2022.

7. Share Capital (Continued)

(c) Share transactions (continued)

i) For the year ended July 31, 2022 (continued)

The $15,875 fair value of the 140,000 finder's warrants was measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.145; exercise price – $0.30; expected life – 2 years; volatility – 201%; dividend yield – $0; and risk-free rate – 0.28%.

On March 10, 2022, the Company closed a non-brokered private placement of 12,700,000 units issued at a price of $0.125 per unit for gross proceeds of $1,587,500 and 100,000 flow-through shares issued at a price of $0.16 per flow-through share for gross proceeds of $16,000.

Each unit is comprised of one common share and one-half of one transferable share purchase warrant, with two such half warrants being a warrant. Each warrant entitles the holder thereof to purchase one additional share of the Company at a price of $0.25 for a period of 24 months from the date of issuance. The flow-through liability associated with these issuances using the residual method was $Nil. All $16,000 proceeds were incurred as expenditures during the year ended July 31, 2022.

In connection with the private placement, the Company paid finder's fees of $92,533 cash, issued 62,000 finder's warrants with a fair value of $17,122 which will entitle the holder to acquire one additional share of the Company at a price of $0.25 for a period of twenty-four months and 750,000 finder's warrants with a fair value of $212,529, which will entitle the holder to acquire one additional unit of the Company at a price of $0.125 for a period of twenty-four months have been paid to qualified parties.

The fair value of the 62,000 finder's warrants was measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.30; exercise price – $0.25; expected life – 2 years; volatility – 241%; dividend yield – $0; and risk-free rate – 1.53%.

The fair value of the 750,000 finder's warrants was measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $0.30; exercise price - $0.125; expected life – 2 years; volatility – 240%; dividend yield – $0; and risk-free rate – 1.53%.

On August 19, 2021, the Company entered into a debt settlement agreement to settle outstanding fees owed to a consultant of the Company for fees totaling $21,000. Pursuant to the settlement agreement, the Company has issued an aggregate of 84,000 shares to the consultant at a price of $0.25 per share.

ii) For the year ended July 31, 2021

On November 24, 2020, the Company completed a non-brokered private placement and issued a total of 78,431 "National" flow-through shares at a price of $1.275 per National flow-through share for gross aggregate proceeds of $100,000. The Company has also issued 407,407 "Quebec" flow-through shares at a price of $1.35 per Quebec flow-through share for gross aggregate proceeds of $550,000. Finder's fees of $37,000 cash have been paid to qualified parties. The flow-through liability associated with these issuances using the residual method was $176,307. The Company recognized flow-through premium liability of $163,098 (2021 - $115,189) on incurred expenditures as flow-through share premium recovery during the year ended July 31, 2022.

(Expressed in Canadian dollars)

7. Share Capital (Continued)

(c) Share transactions (continued)

ii) For the year ended July 31, 2021 (continued)

On August 13, 2020, the Company completed a non-brokered private placement consisting of 1,042,333 units at $0.75 per unit for gross proceeds of $781,750. Each unit consists of one common share and one transferable share purchase warrant with one whole share purchase warrant exercisable at a price of $1.05 per share for a period of 36 months from the date of issuance. The warrant portion of the issuance was determined to have a value of $78,175 using the residual value method, which was accounted for in contributed surplus.

In connection with the private placement, the Company paid a finders' fee of $53,882 cash and issued 71,843 finders' warrants with the same terms and conditions as the financing. The fair value of the finders' warrants calculated under the Black-Scholes option pricing model was $44,568. The finders' warrants were recorded as a share issuance cost.

(d) Warrants

	Year ended July 31, 2022		Year ended July 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	**1,914,177**	**$ 1.552**	1,338,000	$ 2.026
Issued	**7,302,000**	**0.238**	1,114,177	1.050
Expired	**(800,000)**	**2.250**	(538,000)	1.692
Ending	**8,416,177**	**$ 0.346**	1,914,177	$ 1.552

Weighted average remaining life of outstanding warrants as at July 31, 2022 is 1.54 (2021 - 1.28) years.

As at July 31, 2022, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
1,114,177	$1.050	August 13, 2023
6,412,000	$0.250	March 10, 2024
750,000	$0.125	March 10, 2024
140,000	$0.300	May 9, 2024
8,416,177	$0.346	

(e) Stock options

The Company grants stock options to directors, officers, employees and consultants and affiliate or any person deemed suitable by the board of directors, pursuant to its Incentive Share Option Plan (the "Plan"). The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options issued under the Plan vest immediately and must have a term equal to or less than three years and exercise price equal to or greater than market price on grant date.

7. Share Capital (Continued)

(e) Stock options (continued)

i) Issued for the year ended July 31, 2022

On June 8, 2022, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate of 925,000 common shares at an exercise price of $0.15 per common share for up to three years. The options vested upon grant. The grant date fair value of the options was measured at $108,114. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.125; exercise price – $0.150; expected life – 3 years; volatility – 217%; dividend yield – $0; and risk-free rate – 0.54%.

On March 21, 2022, the Company granted incentive stock options to a consultant to purchase an aggregate of 75,000 common shares at an exercise price of $0.26 per common share for up to five years. The options vested upon grant.

The grant date fair value of the options was measured at $17,157. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.235; exercise price – $0.26; expected life – 5 years; volatility – 198%; dividend yield – $0; and risk-free rate – 2.16%.

On March 16, 2022, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate of 500,000 common shares at an exercise price of $0.26 per common share for up to five years. The options vested upon grant. The grant date fair value of the options was measured at $141,523. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price – $0.29; exercise price – $0.26; expected life – 5 years; volatility – 198%; dividend yield – $0; and risk-free rate – 2.00%.

ii) Issued for the year ended July 31, 2021

On July 20, 2021, the Company issued 500,000 options, in terms of the Company's Stock Option plan, to directors, officers and consultants to acquire one additional common share at a price exercisable at $0.31 for five years. The fair value of the options was determined using the Black-Scholes Option Pricing Model; an amount of $151,828 was recorded as stock-based compensation.

On August 17, 2020, the Company issued 23,333 options, in terms of the Company's Stock Option plan, to a consultant exercisable at $0.75 for three years. The fair value of the options was determined using the Black-Scholes Option Pricing Model; an amount of $12,799 was recorded as stock-based compensation. These options were cancelled during the year ended July 31, 2021.

(Expressed in Canadian dollars)

7. Share Capital (Continued)

(e) Stock options (continued)

The Company's stock options outstanding and exercisable are as follows:

	Year ended July 31, 2022			Year ended July 31, 2021		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Opening	**520,000**	**$**	**0.413**	290,000	$	1.725
Granted	**1,500,000**		**0.192**	523,333		0.330
Expired/Cancelled	**(20,000)**		**3.000**	(293,333)		1.561
Ending	**2,000,000**	**$**	**0.222**	520,000	$	0.413
Exercisable	**2,000,000**	**$**	**0.222**	520,000	$	0.413

Weighted average remaining life of outstanding options as at July 31, 2022 is 3.65 (2021 - 4.88) years.

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

Number of stock options	Exercise price	Expiry date
925,000	$0.15	June 8, 2025
500,000	$0.31	July 20, 2026
500,000	$0.26	March 16, 2027
75,000	$0.26	March 21, 2027
2,000,000		

The stock options granted during the year ended July 31, 2022 were valued at $266,794 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate	Forfeiture rate
March 16, 2022	5 years	198%	0%	2.00%	0%
March 21, 2022	5 years	198%	0%	2.16%	0%
June 8, 2022	3 years	217%	0%	0.54%	0%

The stock options granted during the year ended July 31, 2021 were valued at $164,627 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate	Forfeiture rate
July 20, 2021	5 years	207%	0%	0.79%	0%
August 17, 2020	3 years	204%	0%	0.29%	0%

The expected volatility assumption is based on the volatility of the historic values of the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its share capital.

(Expressed in Canadian dollars)

8. Related Party Transactions

The remuneration of the Company's directors and other members of key management who have the authority and responsibility for planning, directing and controlling the activities of the Company, consist of the following amounts:

		July 31, 2022		July 31, 2021
Management fees*	$	**51,000**	$	97,000
Interest paid		**5,410**		-
Legal fees		**-**		1,384
Exploration expenses paid to a company of a director		**25,000**		-
Share-based compensation		**196,267**		75,914
	$	**277,677**	$	174,298

*During the year ended July 31, 2022, the Company recovered $51,000 (2021 - $Nil) management fees from a Company controlled by common management. These are presented net against management fees in the consolidated statements of loss and comprehensive loss.

As at July 31, 2022, the Company owed $28,742 (2021 - $98,617) to the President, directors and their companies. This amount is non-interest bearing, unsecured and repayable on demand.

As at July 31, 2022, the Company had $38,141 (2021 - $37,136) of loans payable (Note 6) to directors and their companies. The loan bears 5% interest and is composed of principal of $20,100 (2021 - $20,100) and various current and arrear interest components totaling $18,041 (2021 - $17,036). Interest expense during the year ended July 31, 2022 was $1,005 (2021 - $1,005).

As at July 31, 2022, the Company had a receivable of $72,624 (2021 - $890) from Flow Metals Corp., a company with certain management and directors in common. This amount is non-interest bearing, unsecured and repayable on demand.

The Company had an option agreement to earn a further interest in Ashuanipi Gold Property from Flow Metals Corp., a Company controlled by common management. The Ashuanipi property was written-off in both Companies during the year ending July 31, 2022.

(Expressed in Canadian dollars)

9. Lease Liability

The Company recognized right-of-use asset of $12,438 (Note 5) and lease liability of $12,438. The Company recorded a right-of-use asset for subleased office space in the statement of financial position relating to the sublease agreement effective May 1, 2021. At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 15%, which is the Company's estimated incremental borrowing rate.

The following is a continuity schedule of lease liabilities for the year ended July 31, 2022:

	$
Balance, July 31, 2020	-
Lease additions	12,438
Lease payments	(2,588)
Accretion on lease liability	440
Balance, July 31, 2021	10,290
Lease payments	(10,350)
Accretion on lease liability	912
Balance, July 31, 2022	852
Current portion	852
Long term portion	-

10. Convertible Debentures

On August 19, 2021, the Company completed a non-brokered private placement of unsecured convertible promissory notes with an aggregate value of $150,000. The promissory notes are unsecured and bear interest at a rate of 8% per annum with a maturity date of August 19, 2023. Each holder shall have the right at its option to convert all or a portion of the principal amount of the promissory notes and the accrued and unpaid interest on the principal amount outstanding under the promissory notes into units at a conversion price of $0.25 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share at a price of $0.30 for a period of two years from the date the warrant is issued. On March 9, 2022, the Company repaid the principal of $150,000 and interest of $6,608.

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures:

	Convertible debenture $	Equity component of convertible debenture $	Total $
Balance, July 31, 2021	-	-	-
Additions	120,834	29,166	150,000
Interest expense	6,608	-	6,608
Accretion on convertible debenture	6,055	-	6,055
Accretion	(6,055)	-	(6,055)
Cash payment	(127,442)	(29,166)	(156,608)
Balance July 31, 2022	-	-	-

(Expressed in Canadian dollars)

11. Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	July 31, 2022 $	July 31, 2021 $
Financial assets, measured at amortized cost:		
Cash	1,560,339	348,084
Due from related parties	72,624	890
	1,632,963	348,974
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	57,933	86,178
Due to related parties	28,741	98,617
Convertible debentures	-	-
Lease liabilities	852	10,290
Loan payable	38,141	37,136
	125,667	232,221

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at July 31, 2022, the fair values of cash, accounts payable and accrued liabilities, due to/from related parties, loan payable and lease liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

(c) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's liabilities are predominantly due within 90 days of July 31, 2022 and lease liabilities of $852 (2021 - $9,438) due within 12 months, and $Nil (2021 - $852) beyond 12 months.

11. Financial Instruments (Continued)

(d) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company is not exposed to any significant credit risk.

With respect to its due from related parties, the Company assesses the credit rating of all debtors and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to amounts due from related parties and maximum exposure thereto as at July 31, 2022 is $72,624 (2021 - $890).

(e) 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.

(f) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates other than loans payable which bears 5% interest (Note 6). The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(g) Foreign currency exchange rate risk

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

12. Capital Management

The Company defines its capital as cash and equity comprised of issued share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. 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 have been no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements as at July 31, 2022 except when the Company issues flow-through shares for which the amount should be used for exploration work.

On November 24, 2020, the Company completed flow-through private placements totaling $650,000. As at July 31, 2022, the Company incurred $593,862 (2021 - $415,468) in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of $56,138 in exploration and evaluation expenditures no later than November 24, 2022.

On March 10, 2022, the Company completed a flow-through private placement totaling $16,000. As at July 31, 2022, the Company incurred all $16,000 in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a further remaining balance of $Nil in exploration and evaluation expenditures.

On May 9, 2022, the Company completed flow-through private placements totaling $600,000. As at July 31, 2022, the Company incurred $28,816 in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of $571,185 in exploration and evaluation expenditures no later than May 9, 2024.

13. Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts. All long-term assets of the Company are located in Canada.

(Expressed in Canadian dollars)

14. Income Taxes

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2022	2021
Statutory tax rate	27.00%	27.00%
Loss before income taxes	$ (642,163)	$ (1,075,727)
Expected income tax (recovery)	(173,384)	(290,446)
Increase (decrease) in income tax recovery resulting from:		
Items not deductible for income tax purposes	54,958	13,348
True down of prior year difference	(115,346)	(67,163)
Origination and reversal of temporary differences	22,636	81,730
Unused tax losses and tax offsets not recognized	211,136	262,531
Deferred income tax recovery	$ -	$ -

Details of deferred tax assets are as follows:

	2022	2021
Non-capital losses	$ 780,089	$ 691,248
Resource expenditures	508,448	399,868
Share Issuance costs and others	46,412	32,668
Lease liabilities	230	2,778
	1,335,179	1,126,562
Less: Unrecognized deferred tax assets	(1,335,179)	(1,126,562)
	$ -	$ -

The Company has approximately $2,889,000 of non-capital losses available, which begin to expire in 2032 through to 2042 and may be applied against future taxable income. The Company also has approximately $2,159,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2022, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

15. Subsequent events

Subsequent to July 31, 2022, 2,956,667 warrants were exercised at prices ranging from $0.15 to $0.30 for gross proceeds of $566,500.

Subsequent to July 31, 2022, 750,000 finder's warrants were exercised at a price of $0.125 for proceeds of $93,750. The finder's warrants entitled the holders to acquire an additional unit consisting of one common share and one-half share purchase warrant. The Company issued 750,000 common shares and 375,000 share purchase warrants in connection with the exercise.

Subsequent to July 31, 2022, 225,000 stock options were exercised at prices ranging from $0.15 to $0.31 for gross proceeds of $41,750.

Subsequent to July 31, 2022, 875,000 stock options were cancelled.

15. Subsequent events (Continued)

On November 17, 2022, the Company closed a non-brokered private placement of 1,745,300 flow-through units at a price of $1.254 per flow through unit for aggregate gross proceeds of $2,188,606. Each flow through unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $1.00 for a period of 24 months from issuance.

In connection with the private placement, the Company paid cash finders' fees of $122,511 and issued 97,696 non-transferable finder's warrants which will entitle the holder thereof to purchase one common share of the Company at a price of $0.60 per finder's warrant, for a period of 24 months from issuance.