CANADIAN METALS INC.

Consolidated Financial Statements

Years ended
July 31, 2023 and 2022

Independent auditor's report

To the Shareholders of Canadian Metals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Canadian Metals Inc. and its subsidiary (together, the Company) as at July 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at July 31, 2023 and 2022;
- the consolidated statements of net loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in 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, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation assets and mining properties *Refer to note 3 – Basis of preparation and note 4 – Significant accounting policies to the consolidated financial statements.* The carrying value of exploration and evaluation assets and mining properties amounted to $1.6 million and $8.8 million, respectively, as at July 31, 2023. Exploration and evaluation assets and mining properties are reviewed by management for indicators of impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management is required to apply judgment when assessing whether there are any impairment indicators that could give rise to the requirement to conduct a formal impairment test related to exploration and evaluation assets as well as mining properties.	Our approach to addressing the matter included the following procedures, among others: • Assessed the judgments made by management in determining whether there were impairment indicators related to exploration and evaluation assets and mining properties, which included the following: – Obtained for all claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) the claims' expiration dates. – Read the board of director minutes and obtained the approved budget to (i) evidence continued and planned exploration and evaluation expenditures and to (ii) assess whether exploration for and evaluation of mineral resources in specific areas has not led to commercially viable quantities of mineral resources and management, as a result, has decided to discontinue such activities in the specific area.

Key audit matter	How our audit addressed the key audit matter
Impairment indicators which could trigger an impairment test include, but are not limited to the following: (i) the right to explore the areas has expired or will expire in the near future with no expectation of renewal; (ii) further exploration and evaluation expenditures in a specific area are neither budgeted nor planned; and (iii) no commercially viable deposits have been discovered, and management has decided to discontinue such activities in the specific area. No impairment indicators were identified by management as at July 31, 2023. We considered this a key audit matter due to the significance of the exploration and evaluation assets and mining properties and the judgments made by management in their assessment of impairment indicators related to exploration and evaluation assets and mining properties, which resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Maxime Guilbault.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
November 28, 2023

[1] CPA auditor, public accountancy permit No. A128042

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CANADIAN METALS INC.

Consolidated Statements of Financial Position

As at July 31, 2023 and 2022
(in Canadian dollars)

	Note	July 31, 2023	July 31, 2022
		$	$
Assets			
Current assets:			
Cash		1,400,347	929,663
Short-term investments		1,000,000	-
Sales tax receivable		115,102	33,205
Share subscription receivable		-	125,025
Advances to a related company		34,867	34,867
Prepaid expenses		4,179	3,019
Current portion of balance of purchase price receivable	5 a)	419,378	462,074
Total current assets		2,973,873	1,587,853
Non-current assets:			
Mining properties	5	8,750,053	8,672,774
Exploration and evaluation assets	6	1,603,058	1,029,067
Balance of purchase price receivable	5 a)	81,263	375,838
Total non-current assets		10,434,374	10,077,679
Total assets		13,408,247	11,665,532
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and accrued liabilities		422,686	404,279
Grants refundable	8	337,320	337,320
Flow-through share liability	9	-	12,473
Current portion of convertible debentures	7	209,689	231,037
Total current liabilities		**969,695**	**985,109**
Non-current liabilities:			
Convertible debentures	7	784,172	781,778
Total non-current liabilities		784,172	781,778
Total liabilities		1,753,867	1,766,887
Equity:			
Share capital	9	19,273,885	17,640,824
Warrants	9	597,273	924,554
Share options	10	144,092	435,175
Equity component of the convertible debentures	8	562,455	562,455
Contributed surplus		4,474,971	3,128,626
Deficit		(13,398,296)	(12,792,989)
Total equity		11,654,380	9,898,645
Total liabilities and equity		13,408,247	11,665,532

Nature of operations and going concern, see Note 2. Commitments, see note 19.
The accompanying notes are an integral part of these consolidated financial statements.
These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2023.

(S) Arnab De
Chief Financial Officer

(S) Michel Gagnon
Director and Chairman

CANADIAN METALS INC.

Consolidated Statements of Net Loss and Comprehensive Loss

Years ended July 31, 2023 and 2022
(in Canadian dollars)

	Note	Years ended July 31, 2023	July 31, 2022
		$	$
General and administrative expenses:			
Professional fees		167,383	115,203
Management and consulting fees		262,000	512,956
Share based compensation	11	-	187,000
Registration, listing fees and shareholders information		34,201	52,510
Insurance and office expenses		25,464	24,293
Travel and promotion		-	1,075
General exploration expenses		28	43,128
Loss from operating activities		489,076	936,165
Finance income	5a	(67,754)	(50,020)
Finance expense	12	196,458	201,559
Total net finance expense		128,704	151,539
Loss before income taxes		617,780	1,087,704
Deferred income tax recovery	13	(12,473)	-
Net loss and comprehensive loss		605,307	1,087,704
Weighted average number of common shares outstanding		123,825,193	74,414,460
Basic and diluted loss per share		0.005	0.015

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

Consolidated Statements of Changes in Equity

Years ended July 31, 2023 and 2022

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Warrants	Share options	Equity component of the convertible debentures	Contributed surplus	Deficit	Total equity
			$	$	$	$	$	$	$
Balance as at July 31, 2022		77,007,094	17,640,824	924,554	435,175	562,455	3,128,626	(12,792,989)	9,898,645
Shares issued:									
Private placements	10	23,852,556	878,741	-	-	-	-	-	878,741
Flow-through shares		55,261,361	1,621,259		-	-	-	-	1,621,259
Share issuance costs for private placement	10	-	(44,225)	(22,112)	-	-	-	-	(66,337)
Share issuance costs for flow through shares	10	-	(48,437)	(24,218)	-	-	-	-	(72,655)
Warrants issued		-	(774,277)	774,277	-	-	-	-	-
Issuance costs for warrants		-	-	34	-	-	-	-	34
Warrants expired	10	-	-	(1,055,261)	-	-	1,055,261	-	-
Share options expired		-	-	-	(291,084)	-	291,084	-	-
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(605,307)	(605,307)
Balance as at July 31, 2023		156,121,011	19,273,885	597,274	144,091	562,455	4,474,971	(13,398,296)	11,654,380
Balance as at July 31, 2021		73,309,794	17,323,393	861,624	248,175	562,455	3,472,626	(11,705,286)	10,762,987
Shares issued:									
As payment of mining properties	10	500,000	50,000	-	-	-	-	-	50,000
Spin-Off of Lac La Chesnaye Project							(344,000)		(344,000)
Private placements		1,950,000	139,453	-	-	-	-	-	139,453
Flow-through shares		1,247,300	149,676	-	-	-	-	-	149,676
Share issuance costs for flow through shares			(21,698)						(21,698)
Warrants issued - issue cost				62,930					62,930
Share based compensation	11	-	-	-	187,000	-	-	-	187,000
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(1,087,703)	(1,087,703)
Balance as at July 31, 2022		77,007,094	17,640,824	924,554	435,175	562,455	3,128,626	(12,792,989)	9,898,645

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

CANADIAN METALS INC.

Consolidated Statements of Cash Flows

Years ended July 31, 2023 and 2022
(in Canadian dollars)

	Note	Years ended July 31, 2023	July 31, 2022
Operating activities:		**$**	**$**
Net loss		(605,307)	(1,087,703)
Adjustments for:			
Share based compensation		-	187,000
Deferred income tax recovery		(12,473)	-
Effective interest costs on convertible debentures	12	197,190	202,391
Effective interest income on balance of purchase price receivable	5a)	19,025	(50,020)
Operating activities before changes in non-cash working capital items		(401,565)	(748,332)
Change in accounts receivable		(81,897)	91,014
Change in prepaid expenses		(1,160)	14,775
Change in trade accounts payable and accrued liabilities		(79,700)	(362,720)
Change in advances to related company		-	(23,066)
Change in non-cash working capital items		(162,759)	(279,997)
Cash flows used in operating activities		(564,324)	(1,028,329)
Financing activities:			
Proceeds from issuance of shares and units	10	2,515,540	232,124
Share issuance costs	10	(29,473)	(14,315)
Repayment of convertible debentures	7	(216,144)	(194,595)
Cash flows provided from financing activities		2,269,923	23,214
Investing activities:			
Increase in short-term investment		(1,000,000)	-
Proceeds from balance of purchase price receivable	5a	318,246	235,723
Tax credits applied against exploration and evaluation assets		-	2,209
Government grants applied against exploration and evaluation assets	6	21,600	7,000
Acquisition of mining properties	5	(77,280)	(35,000)
Increase in exploration and evaluation assets	14	(497,483)	(509,202)
Cash flows used in investing activities		(1,234,917)	(299,270)
Net change in cash		470,684	(1,304,385)
Cash, beginning of year		929,663	2,234,048
Cash, end of year		1,400,347	929,663

Additional disclosures of cash flows information (Note 14).
The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity:

Canadian Metals Inc. (the "Company" or "Canadian Metals" or "CME") is a company domiciled in Canada. Canadian Metals was incorporated on August 17, 2012 under the *Québec Business Corporations Act.* Canadian Metals is a public company listed on the Canadian Securities Exchange ("CSE") and its trading symbol is "CME".

The Company's head office, which is also the main establishment is located at 2700-1000 Sherbrooke Street (O), Montreal, Quebec, H3A 3G4.

The Company specializes in the acquisition, exploration and evaluation of mineral properties in New Brunswick, Canada.

2. Nature of operations and going concern:

The Company has not yet determined whether its mining properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties and exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development work of its mining properties, and upon future profitable production or proceeds from the disposal of mining properties.

Although management has taken actions to verify the ownership rights for mining properties in which the Company owns an interest and in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to a mining property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

As at July 31, 2023, the Company has working capital of $2,004,177 including cash and short-term investments of $2,400,347 and a cumulative deficit of $13,398,296 and incurred a loss of $605,307 during the year then ended. Management does not believe it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future.

To continue the Company's exploration and evaluation programs on its properties and its operations, the Company will need to raise additional funds through the issuance of new equity instruments, the selling of mineral properties and the search for partners to sign option agreements on certain of its mineral properties. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms that are acceptable to the Company.

The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

3. Basis of preparation:

a. Statement of compliance:

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the International Accounting Standards Board ("IASB") applicable to the preparation of annual financial statements. The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

b. Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for certain assets at fair value.

c. Consolidation:

The financial statements include the accounts of the Company and those of its subsidiary owned at 100%, Target Minerals Inc. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns, through its power over the entity. Target Minerals Inc. is fully consolidated from the date on which control was obtained by the Company and is deconsolidated from the date that control ceases. All intercompany accounts and transactions are eliminated.

Management determines its ability to exercise control over an entity by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement. Considering these factors, the Company is considered to have control over Target Minerals Inc.

d. Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

e. Use of estimates and judgements:

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

3. Basis of preparation (Continued):

e. Use of estimates and judgements (Continued):

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts or circumstances indicating an impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.The total impairment loss of the exploration and evaluation assets recognized is $Nil for the year ended July 31, 2023 ($Nil for the year ended July 31, 2022).

Balance of purchase price receivable

The recognition and evaluation of the non-interest bearing purchase price receivable (Note 9) has been estimated using a discount rate which involves a degree of estimation and judgment.

Government grants

Grants are recognized as a reduction of the related expenditures (expenses or assets). The Company records these grants when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them. This may involve a degree of estimation and judgment until the projects for which the funds were granted have been completed and assessed.

In the event a project is not completed, an in-depth analysis could be required and the outcome reached with the authorities could necessitate adjustments to the grants and related expenditures in future periods including the reimbursement of the grant to the authorities if the project is postponed or cancelled.

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the consolidated statements of financial position, unless otherwise indicated.

4.1 Financial instruments

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally on the date of the transaction. Transaction costs related to financial instruments are measured initially at fair value except for transaction costs related to FVTPL financial assets which are expensed as incurred and added to the carrying value of the asset or netted against the carrying value of the liability. Financial assets and liabilities are initially recorded at fair value.

4. Significant accounting policies (Continued):

4.1 Financial instruments (Continued):

The following is a description of the policies for subsequent measurement of financial assets and financial liabilities.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities at amortized cost

These liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of financial assets

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Company accounts for expected credit losses over the life of financial assets measured at amortized cost. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the statement of financial position date, including the time value of money, if any.

4.2 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

4.3 Cash:

Cash consists of cash and demand deposits, as well as other highly-liquid short-term investments, easily convertible in a known amount of cash and subject to negligible risk of value impairment.

4.4 Refundable tax credits:

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.5 Grants:

Grants are recognized as a reduction of the related expenses or assets. The Company records these grants when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.6 Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore, extract and sell all minerals from such claims.

4. Significant accounting policies (Continued):

4.6 Mining properties and exploration and evaluation assets (Continued):

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement) are capitalized as mining properties and the expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets.

Expenses related to exploration and evaluation ("E&E") include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

4.7 Impairment of exploration and evaluation assets:

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

At each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. Assessment of impairment of exploration and evaluation assets and mining properties requires the use of judgments by management when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test. No impairment indicators were identified by management as at July 31, 2023.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

4.8 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

4. Significant accounting policies (Continued):

4.8 Provisions, contingent liabilities and contingent assets (Continued):

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage, and are capitalized to the cost of exploration and evaluation assets as incurred. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.9 Income taxes:

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax base.

4. Significant accounting policies (Continued):

4.10 Equity:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

4.11 Unit placements:

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black-Scholes valuation model and is recorded separately under "warrants".

4.12 Flow Through Shares:

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common shares and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as a flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Company recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

4.13 Compound financial instruments:

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity components in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures will be transferred to contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

4.14 Equity-settled share-based compensation:

The Company has an equity-settled share-based compensation plan for its eligible directors, employees and consultants. The Company's plan is not cash-settled. All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted. All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to Share options, in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

(in Canadian dollars)

4. Significant accounting policies (Continued):

4.15 Segmental reporting:

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors. The Chairman and the Board of Directors have joint responsibility for allocating resources to the Company's operating segments and assessing their performance.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

5. Mining properties:

Mining properties can be detailed as follows:

	Interest	July 31, 2021	Acquisition / Adjustment during the year ended July 31, 2022	July 31, 2022	Acquisition / Adjustment during the year ended July 31, 2023	July 31, 2023
	%	$	$	$	$	$
New Brunswick						
Blackshale (b)	100	840,866	1,911	842,777	-	842,777
Mountain Brook (b)	100	715,900	1,390	717,290	-	717,290
TV Tower (b)	100	272,954	-	272,954	-	272,954
Frenette (f)	100	10,180	-	10,180	-	10,180
Oxford Brook (d)	100	240,178	5,070	245,248	8,214	253,462
Nicholas-Denys (e)	100	6,065,422	19,560	6,084,982	48,204	6,133,186
Goldstrike and Millstream Gold (f)	100	403,353	95,990	499,343	20,862	520,205
		8,548,853	123,921	8,672,774	77,280	8,750,054

a) **Langis Property (silica):**

On May 1, 2019, the Company sold all its rights, titles and interests in the property, in exchange of a long-term quartz price lock-in supply agreement (LTA) and $2,250,000 to Les Minéraux Industriels du Québec. $500,000 was paid at closing and staged cash payments totalling $1,750,000 modulated on the purchaser production on the Langis property, with the following deadlines: (i) $150,000 on or before December 31, 2019; (condition fulfilled) (ii) $300,000 on before each of December 31, 2020, 2021 and 2022 (condition fulfilled), (iii) $450,000 by December 31, 2023. The Company is also entitled to a minimum royalty income of $250,000 in 2024.

Balance of purchase price receivable

The purchase price receivable of $2,250,000 does not bear interest and has been discounted using 10.13% reflecting the estimated credit risk of the buyer and collateral against the balance of purchase price at time of disposal.

	July 31, 2023	July 31, 2022
	$	$
Balance at the beginning	837,912	1,023,615
Effective interest income	(19,025)	50,020
Reimbursement	(318,246)	(235,723)
Balance end of year	500,641	837,912
Current portion	419,378	462,074
Non-current portion	81,263	375,838

5. Mining properties (Continued):

b) TV Tower Property, Mountain Brook Property and Blackshale Property (zinc):

On March 16, 2018, the Company entered into an option agreement with NBZINC Inc., over which a company controlled by an officer and a director of the Company exercises a significant influence, to acquire an undivided 100% interest in the three following properties located in New Brunswick: TV Tower, Mountain Brook and Blackshale properties. The claims are subject to a 2% NSR.

The Company shall be required to make a payment of US$4,000,000 for each of the three properties for which it has acquired 100% of undivided interests, provided that the Company has made a public disclosure of a mineral resource estimate of 1,000,000 ounces of gold or gold-equivalent resources in the aggregate and in any and all categories for such property, for a total possible maximum payment of US$12,000,000 for all three properties.

c) Frenette Property (zinc):

On April 3, 2019 the Company entered into an arm's length option agreement to acquire an undivided 100% interest in mining claims adjacent to its Blackshale Property.

Upon exercise of the option, the Company will grant the optionees a 2% Net Smelter Returns (NSR) Royalty, subject to the right to purchase a 1% NSR royalty for $1,000,000.

d) Oxford Brook Property (zinc):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in units located in Northwestern New-Brunswick in the Restigouche County. The value allocated to the property was $240,178. The property is subject to a 2% NSR Royalty.

e) Nicholas-Denys Property (polymetallic):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in units located in Northern New-Brunswick. The value allocated to the property was $6,065,422. The property is subject to a 5% NSR Royalty, half of which is redeemable for $1,000,000, a 3% NSR Royalty, half of which is redeemable for $1,750,000 and an additional 1% NSR Royalty, half of which is redeemable for $1,000,000.

f) Goldstrike and Millsream Gold Property (gold-silver):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in units located in Northern New-Brunswick. The value allocated to the property was $403,353. The property is subject to a 2% NSR Royalty, half of which is redeemable for $1,000,000. (See Note 5)

On April 30, 2022 the Company entered into a transaction to acquire all the rights and interest including Mining Rights in the Mineral Claim Block Number 8874, McRae Lake 9. Pursuant to the terms and conditions of the option, the Company issued 500,000 common shares of the Company and a cash payment of $35,000. The Company valued the shares at a fair market value of $0.10 or $50,000. The property is subject to a NSR of 2%.

(in Canadian dollars)

6. Exploration and evaluation assets:

Exploration and evaluation assets by properties are detailed as follows:

	31-Jul-21	Exploration costs	Grant	31-Jul-22	Exploration costs	Grant	31-Jul-23
	$	$	$	$	$	$	$
New Brunswick							
Blackshale	57,586	120,046	-	177,632	22,872	-	200,504
Mountain Brook	27,195	65,394	(15,000)	77,589	-	-	77,589
TV Tower	379,876	-	-	379,876	-	-	379,876
Frenette	8,050	-	-	8,050	-	-	8,050
Oxford Brook	-	23,332	8,000	31,332	116,860	-	148,192
Nicholas-Denys	-	114,950	-	114,950	45,310	-	160,260
Goldstrike & Millstream	-	239,638	-	239,638	410,548	(21,600)	628,586
	472,707	563,360	(7,000)	1,029,067	595,590	(21,600)	1,603,057

7. Convertible debentures:

	July 31, 2023	July 31, 2022
	$	$
Convertible debentures		
Convertible debentures bearing interest at 3% payable annually and maturing in March 2025.	993,861	1,012,815
	993,861	1,012,815
Current portion of convertible debentures	209,689	231,037
Non-current portion of convertible debentures	784,172	781,778

The changes in the Company’s liabilities arising from financing activities are as follows:

	July 31, 2023	July 31, 2022
	$	$
Balance at the beginning	1,012,815	1,005,019
Cash flows		
Reimbursement	(173,105)	(148,125)
Interest paid	(43,039)	(46,470)
Non-Cash:		
Effective interest costs on convertible debentures (Nominal)	40,089	44,824
Effective interest costs on convertible debentures (Accredited)	157,101	157,567
Balance end of year	993,861	1,012,815

(in Canadian dollars)

7. Convertible debentures (Continued):

On December 18, 2020, the Company announced that all outstanding debentures have been exchanged for new debentures in the same principal amount of $1,675,000. The new debentures have an issue price of $1,000 per new debentures, mature on March 31, 2025, bear interest at 3% per annum, payable on March 31 of each year, which interest may, at the option of the Company, be settled in common shares. The principal amount of the new debentures can be convertible into common shares of the Company at the price of $0.40 per share. Interest in the amount of 3% per annum on the principal amount of the outstanding debentures for the period from January 1, 2020 to June 30, 2020, was paid for an amount of $14,179. Fifty percent (50%) of the amount that the Company receives from Les Minéraux Industriels du Québec Inc. will be used to reduce the principal amount of the new debentures until the nominal has been repaid. On recognition, the liability component was measured using an effective interest rate of 22%, corresponding to the estimated market rate the Company would have received for a similar financing without the conversion right.

8. Refundable Grants:

In the year ended July 31, 2020, the Company decided not to pursue a previously initiated study which was supported by a grant received in the year ended July 31, 2018. For the year ended July 31, 2020, the impact of the decision was a net recovery of $146,277 for previously incurred costs which was unknown prior to the termination of the study and the recognition of a grant refundable of $337,320. The Company did not receive any claims in respect of the above during the current financial year.

9. Deferred premium on flow-through shares:

	July 31, 2023 $	July 31, 2022 $
Balance – beginning of period	12,473	-
Recognition of liability related to flow-through shares	-	12,473
Amortization	(12,473)	
Balance – beginning of period	-	12,473

10. Share capital and warrants:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value. The share capital comprises only of fully paid common shares.

(b) Issued and outstanding

2022:

In April 2022, the Company issued 500,000 common shares as consideration for acquiring a claim adjoining to the Gold Strike Project. Pursuant to the terms and conditions of the option, the Company issued 500,000 common shares of the Company and a cash payment of $35,000. The Company valued the shares at a fair market value of $0.10 or $50,000.

On July 25, 2022, the Company completed a non-brokered private placement pursuant to which it has issued 1,950,000 units of the Company (each a "Unit") at a price of $0.10 per Unit for a gross proceeds of $195,000. Each Unit being comprised of one (1) Share and one-half of one (1/2) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of $0.20 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be $58,500 using the Black-Scholes pricing model.

Also on July 25, 2022, the Company completed a private placement pursuant to which it has issued 1,247,300 common shares of the Company, issued on a flow-through basis, at a price of $0.13 per Share for a gross proceeds of $162,149. The difference between the nominal value of the shares issued and the market value of the shares at the date of issue has been transferred to "Flow-through share liability" account amounting to $12,473. The Company paid finder fee of $9,599 in cash and issued 73,836 non-transferable Finder's warrants entitling the holder thereof to purchase one (1) Share at an exercise price of $0.20 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be $4,430 using the Black-Scholes pricing model.

On December 29, 2022, the Company completed a non-brokered private placement pursuant to which it has issued 18,324,000 units of the Company (each a "Unit") at a price of $0.0316 per Unit for a gross proceeds of $579,038. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of $0.048 per Share

(in Canadian dollars)

10. Share capital and warrants (Continued)

for a period of 24 months from the closing date. Fair value of these warrants was estimated to be $179,274 using the Black-Scholes pricing model.

Also on December 29, 2022, the Company completed a private placement pursuant to which it has issued 55,261,361 Flow Through Units of the Company (each a "FT Unit") at a price of $0.0316 per FT Unit for a gross proceeds of $1,746,259. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of $0.048 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be $540,654 using the Black-Scholes pricing model.

On January 11, 2023, the Company completed a non-brokered private placement pursuant to which it has issued 5,528,556 units of the Company (each a "Unit") at a price of $0.0316 per Unit for a gross proceeds of $704,038.39. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of $0.048 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be $54,349 using the Black-Scholes pricing model.

In respect of the share issuance in December 2022 and January 2023, the Company paid finder fee of $115,260 in cash and issued 2,143 non-transferable Finder's warrants (Fair Value: $34) entitling the holder thereof to purchase one (1) Share at an exercise price of $0.048 per Share for a period of 24 months from the closing date.

(c) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

		July 31, 2023		**July 31, 2022**
	Number of outstanding warrants	**Weighted average exercise price**	**Number of outstanding warrants**	**Weighted average exercise price**
				$
Outstanding at beginning	19,488,336	0.19	18,439,500	0.19
Granted	79,116,060	0.05	1,048,836	0.20
Expired	(18,089,500)	(0.15)	-	-
Outstanding at end	80,514,896	0.08	19,488,336	0.19

The following table provides outstanding warrants information as at July 31, 2023:

	Outstanding warrants		
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
28-Nov-23	350,000	1.15	0.33
22-Jul-24	1,048,836	2.15	0.98
29-Dec-24	73,585,361	0.05	1.42
11-Jan-25	5,530,699	0.05	1.45
	80,514,896	0.08	1.41

2023:

On December 29, 2022, the Company issued 73,585,361 warrants to shareholders. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.048 per share until December 29, 2025. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	$0.02
Expected volatility (1)	129.2%
Risk-free interest rate	4.01%
Expected life	2 years

(in Canadian dollars)

10. Share capital and warrants (Continued)

On January 11, 2023, the Company issued 5,528,556 warrants to shareholders. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.048 per share until December 29, 2025. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	$0.02
Expected volatility (1)	130.1%
Risk-free interest rate	3.87%
Expected life	2 years

During the year, the Company also issued 2,143 non-transferable Finder's warrants.
During the year, 18,089,500 warrants expired. Accordingly, an amount of $1,055,261 has been transferred to Contributed Surplus.

2022:
On July 25, 2022, the Company issued 975,000 warrants to shareholders and 73,836 warrants as finders fees. Each warrant entitles the holder to subscribe to one common share at an exercise price of $0.20 per share until July 22, 2024. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	$0.12
Expected volatility (1)	115.34%
Risk-free interest rate	3.45%
Expected life	2 years

(1) The volatility was determined by reference to historical data of the Company shares.

11. Share-based compensation:

(a) Share option plan:

The Company has a share option plan whereby the Board of Directors may grant to directors, officers, employees and consultants of the Company, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions relating to the granting of options. The maximum number of shares that can be issued under the share-based compensation plan is 10% of the Company's shares issued at the time of the option grant. All share-based compensation shall be settled in equity instruments. The number of share options granted to a beneficiary are determined by the Board of Directors.

The exercise price of any option granted under the Plan is determined by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised under the plan terms when a beneficiary who is a director, officer, employee or consultant of the Company ceases to occupy his functions, according to the terms of the Company's share-based compensation plan.

Year ended July 31, 2022:
During the year, the Company issued 1,700,000 Stock Options to its directors and officers. These options had an exercise price of $0.20 and life of 5 years. The Company valued these options at a fair value of $0.11 and has recorded a share based compensation of $187,000.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

		July 31, 2023		July 31, 2022
	Number of outstanding share options	**Weighted average exercise price**	**Number of outstanding share options**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	1,965,000	0.36	265,000	1.38
Granted	-	-	1,700,000	0.20
Expired	(235,000)	(1.37)	-	-
Outstanding at year end	1,730,000	0.22	1,965,000	0.36

(in Canadian dollars)

11. Share-based compensation (Continued)

The following table provides outstanding share options information as at July 31, 2023:

	Share options outstanding			
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
November 5, 2023	30,000	30,000	1.50	0.27
March 24, 2027	1,700,000	1,700,000	0.20	3.65
	1,730,000	1,730,000	0.22	3.59

12. Finance expense:

Finance expense recognized in the net loss of the year is as follows:

	July 31, 2023	July 31, 2022
	$	$
Interest on convertible debentures	197,190	202,391
Exchange gain	(732)	(832)
Finance expense	196,458	201,559

13. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	July 31, 2023	July 31, 2022
	$	$
Loss before income taxes	(617,780)	(1,087,703)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.50%
Expected income tax recovery	(163,712)	(288,241)
Share-based compensation	-	49,555
Changes in unrecorded temporary differences	154,322	220,770
Recovery of liabilities related to flow-through shares	12,473	-
Other non-deductible expenses	9,390	17,916
Deferred income tax recovery	12,473	-

(b) Composition of deferred income taxes recovery in the statement of comprehensive loss:

	July 31, 2023	July 31, 2022
	$	$
Inception and reversal of temporary differences	(154,322)	(220,770)
Difference between deferred and statutory tax rates	-	-
Recovery of liabilities related to flow-through shares	12,473	-
Changes in unrecorded temporary differences	154,322	220,770
Deferred income tax recovery	12,473	-

(in Canadian dollars)

13. Income taxes (Continued):

(c) Movement in recognized deferred tax assets and liabilities during the year:

	July 31, 2022	Recognized in profit or loss	July 31, 2023
	$	$	$
Exploration and evaluation assets	13,597	(2,854)	10,743
Debentures	(136,226)	40,850	(95,376)
Non-capital losses	122,629	(37,996)	84,633
	-	-	-

	July 31, 2021	Recognized in profit or loss	July 31, 2022
	$	$	$
Exploration and evaluation assets	12,468	1,130	13,598
Debentures	(177,545)	41,319	(136,226)
Non-capital losses	165,077	(42,449)	122,628
	-	-	-

(d) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

As at July 31, 2023, the Company has the following temporary differences for which no deferred tax asset has been recognized.

	Federal	Québec
	$	$
Receivable from sale of mining properties and exploration and evaluation assets	118,187	118,187
Property and equipment	24,407	24,407
Share issuance costs	302,919	302,919
Non-capital losses carry forwards	10,082,753	10,046,114
	10,528,266	10,491,627

(in Canadian dollars)

13 Income taxes (Continued):

(e) Non-capital losses:

The non-capital losses for which no deferred tax asset has been recognized expire as follows:

	Federal	**Québec**
	$	**$**
2033	296,016	291,992
2034	586,299	576,247
2035	629,606	624,354
2036	1,201,704	1,194,602
2037	1,077,035	1,072,145
2038	1,188,885	1,184,185
2039	2,261,955	2,261,336
2040	717,259	717,259
2041	800,536	800,536
2042	934,366	934,366
2043	389,092	389,092
	10,082,753	10,046,114

14. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	July 31, 2023	**July 31, 2022**
	$	**$**
Non-cash investing activities:		
Acquisition of mining properties through issuance of shares	-	50,000
Advisory fee shares through issuance of warrants	34	7,384
Exploration and evaluation assets – current year	1,603,058	1,029,067
Exploration and evaluation assets –previous year	(1,029,067)	(519,865)
Less: closing liabilities	(238,946)	(140,838)
Add: opening liabilities	162,438	140,838
Net cash spend on exploration and evaluation assets	497,483	509,202

(in Canadian dollars)

15. Related party transactions:

Related parties include the Company's key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	July 31, 2023 $	July 31, 2022 $
Management and consulting fees	272,541	512,956

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other related party transactions:

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. As at July 31, 2023, trade accounts payable and accrued liabilities include $33,276 ($40,366 as at July 31, 2022) payable to key management personnel.

Debentures from related parties:

	July 31, 2023	July 31, 2022
	$	$
Directors	3,000	3,000
Company under control of a director	9,000	9,000
Company under control of an officer	12,600	12,600
	24,600	24,600

16. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the consolidated statements of financial position related to the following classes of assets and liabilities:

		July 31, 2023		July 31, 2022
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Financial assets measured at amortized cost				
Cash	1,400,347	2,400,347	929,663	929,663
Short term investments	1,000,000	1,000,000	-	-
Balance of purchase price receivable	500,642	500,642	837,912	837,912
	2,900,989	3,900,989	1,767,575	1,767,575
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade accounts payable and accrued liabilities	422,686	422,686	404,280	404,280
Grants refundable	337,320	337,320	337,320	337,320
Convertible debenture	993,861	983,000	1,012,814	979,367
	1,753,867	1,743,006	1,754,414	1,720,967

(1) Excluding sales tax receivable, tax credits receivable and mining tax receivable.

The fair value of cash, accounts receivable, trade accounts and accrued liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

(in Canadian dollars)

16. Financial assets and liabilities (Continued):

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1:quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The convertible debentures were classified under level 2 in 2023 (level 2 in 2022).

The techniques and evaluation methods used to measure fair value were not changed compared to previous years. The fair value of the convertible debentures was determined by discounting the future cash flows using an interest rate estimated to reflect a rate that the Company would have obtained for similar financings without the conversion option.

17. Capital management policies and procedures:

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity and convertible debentures. Capital for the reporting periods are presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and convertible debentures. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

	July 31, 2023	**July 31, 2022**
	$	**$**
Convertible debentures	993,861	1,012,814
Equity	11,611,410	9,898,645
	12,605,271	10,911,459

(in Canadian dollars)

18. Financial Instrument Risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company manages risks in close cooperation with the Board of Directors. The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets.

(a) Credit risk:

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

The Company's credit risk is primarily attributable to cash and balance of purchase price receivable. Credit risk of cash is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

The credit risk associated with the balance of purchase price arises from the possibility that the buyer may not be able to pay its debts. This receivable results from the sale of the Langis properties and is guaranteed by the properties.

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount (see Note 2).

Over the past and during the year, the Company has financed its acquisitions of mining rights, exploration costs and working capital needs through financings, including flowthrough shares in December 2022 and January 2023.

Contractual maturities of financial liabilities (including capital and interest) are as follows:

				July 31, 2023
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Trade accounts payable and accrued liabilities	422,686	-	-	422,686
Grants refundable	337,320	-	-	337,320
Convertible debentures (4)	235,990	757,871	-	993,861
	995,996	757,871	-	1,753,867

19. Commitments:

The Company is required to spend a qualifying amount for exploration and evaluation activities of about $1,808,634 by December 2023. Of this, the Company has spent a qualifying amount of approximately $860,000 till October 2023.