SLAVE LAKE ZINC CORP.

Consolidated Financial Statements

Years Ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Slave Lake Zinc Corp.

Opinion

We have audited the accompanying consolidated financial statements of Slave Lake Zinc Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, changes in shareholder's equity and cash flows for the years then ended, and 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 September 30, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (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 *Auditor's 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended September 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion these matters.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in 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, 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 scepticism 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 therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Dong H. Shim.

"SHIM & Associates LLP"

Chartered Professional Accountants
Vancouver, Canada
January 26, 2024

SLAVE LAKE ZINC CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2023 $	September 30, 2022 $
Assets		
Current assets		
Cash	84,671	174,310
GST receivable	59,981	40,192
Prepaid expenses	47,064	2,000
Total current assets	191,716	216,502
Non-current assets		
Exploration and evaluation assets (Note 3)	626,070	616,276
Total assets	817,786	832,778
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	41,177	29,192
Convertible debt (Note 5)	150,000	150,000
Due to related parties (Note 4)	31,904	244,771
Total liabilities	223,081	423,963
Shareholders' equity		
Share capital (Note 6)	3,446,440	2,497,729
Share-based payment reserve (Notes 6 and 8)	921,198	867,353
Warrants reserve (Notes 6 and 7)	20,000	–
Equity portion of convertible debt (Notes 5 and 6)	27,225	27,225
Deficit	(3,820,158)	(2,983,492)
Total shareholders' equity	594,705	408,815
Total liabilities and shareholders' equity	817,786	832,778

Nature of operations and continuance of business (Note 1)
Subsequent event (Note 12)

Approved and authorized for issuance by the Board of Directors on January 26, 2024:

/s/ "Ritchie Wigham"
Ritchie Wigham, Director

/s/ "Jaskarn Rai"
Jaskarn Rai, Director

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

SLAVE LAKE ZINC CORP.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2023 $	Year ended September 30, 2022 $
Expenses		
Consulting fees	–	45,361
Investor relations	479,715	3,889
Management fees (Note 4)	164,000	164,000
Office and miscellaneous	4,560	5,108
Professional fees	38,280	28,327
Share-based compensation (Notes 4 and 8)	121,574	459,465
Transfer agent and filing fees	26,414	21,001
Travel and promotion	7,712	–
Total expenses	842,255	727,151
Loss before other income (expense)	(842,255)	(727,151)
Other income (expense)		
Accretion of discount on convertible debt (Note 5)	–	(52,097)
Interest expense	(7,500)	(20,884)
Gain on settlement of debt (Note 6)	13,089	–
Total other income (expense)	5,589	(72,981)
Net loss and comprehensive loss	(836,666)	(800,132)
Loss per share, basic and diluted	(0.02)	(0.02)
Weighted average common shares outstanding	52,947,891	41,177,949

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

SLAVE LAKE ZINC CORP.
Consolidated Statements of Changes in Shareholder's Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Warrants reserve	Equity portion of convertible debt	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$	$
Balance, September 30, 2021	38,744,500	1,731,723	498,625	–	99,826	(2,183,360)	146,814
Shares issued pursuant to the exercise of stock options	2,173,000	308,037	(90,737)	–	–	–	217,300
Shares issued for conversion of debt	5,000,000	457,969	–	–	(72,601)	–	385,368
Fair value of stock options granted	–	–	459,465	–	–	–	459,465
Net loss for the year	–	–	–	–	–	(800,132)	(800,132)
Balance, September 30, 2022	45,917,500	2,497,729	867,353	–	27,225	(2,983,492)	408,815
Units issued for cash	5,970,000	477,000	–	20,000	–	–	497,000
Share issuance costs	–	(6,900)	–	–	–	–	(6,900)
Shares issued pursuant to the exercise of stock options	1,622,000	229,929	(67,729)	–	–	–	162,200
Fair value of stock options granted	–	–	121,574	–	–	–	121,574
Shares issued to settle related party debt	2,617,710	248,682	–	–	–	–	248,682
Net loss for the year	–	–	–	–	–	(836,666)	(836,666)
Balance, September 30, 2023	56,127,210	3,446,440	921,198	20,000	27,225	(3,820,158)	594,705

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

SLAVE LAKE ZINC CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended September 30, 2023 $	Year ended September 30, 2022 $
Operating activities:		
Net loss	(836,666)	(800,132)
Items not involving cash:		
Accretion of discount on convertible debt	–	52,097
Gain on settlement of debt	(13,089)	–
Share-based compensation	121,574	459,465
Changes in non-cash operating working capital:		
GST receivable	(19,789)	(13,755)
Prepaid expenses and deposits	(45,064)	(2,000)
Accounts payable and accrued liabilities	11,985	(19,962)
Due to related parties	48,904	56,000
Net cash used in operating activities	(732,145)	(268,287)
Investing activities:		
Exploration and evaluation asset expenditures	(9,794)	(209,961)
Net cash used in investing activities	(9,794)	(209,961)
Financing activities:		
Proceeds from issuance of shares/units	497,000	217,300
Proceeds from exercise of stock options	162,200	–
Share issuance costs	(6,900)	–
Net cash provided by financing activities	652,300	217,300
Change in cash	(89,639)	(260,948)
Cash, beginning of year	174,310	435,258
Cash, end of year	84,671	174,310
Non-cash investing and financing activities:		
Shares issued for conversion of debt	–	385,368
Fair value of shares issued to settle related party debt	248,682	–
Equity portion of convertible debt transferred to share capital for shares issued for conversion of debt	–	72,601
Fair value of stock options transferred from share-based payment reserve to share capital	67,729	90,737

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

1. Nature of Operations and Continuance of Business

Slave Lake Zinc Corp. (the "Company") was incorporated in the province of the British Columbia on September 14, 2016. The Company's principal business activities include the acquisition and exploration of mineral property assets located in the Northwest Territories, Canada. The Company's head office is located at 207 St. Patrick's Avenue, North Vancouver, BC, V7L 3N3.

On November 7, 2018, the Company completed its Initial Public Offering and the Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the trading symbol "SLZ".

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. During the year ended September 30, 2023, the Company has not generated any revenues and incurred negative cash flows from operating activities. As at September 30, 2023, the Company has a working capital deficit of $31,365 and an accumulated deficit of $3,820,158. 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 factors may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. Significant Accounting Policies

(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") on a going concern basis.

(b) Basis of Preparation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements of the Company have been prepared on an accrual basis expect for cash flow information, and are prepared based on an historical cost basis except for certain financial instruments recorded at fair value.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 9906487 Canada Corp.

All inter-company balances and transactions have been eliminated upon consolidation.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

2. Significant Accounting Policies (continued)

(e) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant areas requiring the use of estimates include fair value of share-based payments and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the period when the new information becomes available.

(f) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

2. Significant Accounting Policies (continued)

(g) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit-of-production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations and comprehensive loss.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's site closure and reclamation obligations becomes available.

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified as FVTPL or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible debt	Amortized cost
Due to related parties	Amortized cost

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations and comprehensive loss. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective rate interest method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant Accounting Policies (continued)

(j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations and comprehensive loss.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at September 30, 2023, the Company has 22,422,000 (2022 – 20,652,000) potentially dilutive shares outstanding.

(m) Comprehensive Loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the statement of operations.

(n) Accounting Standards Issued but Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2023, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets

O'Connor Lake Property

The Company acquired the Property, a mineral claim ("MWK"), tag # F97540 in the South Slave region of the Northwest Territories, NTS Map 75E05, pursuant to a mineral property acquisition agreement (the "Acquisition Agreement") dated for reference February 7, 2017 among the Company as purchaser, Jaskarn Singh Rai, Ritchie John Wigham, Glen Colin Macdonald and Max Braden as vendors (the "Vendors") and 1089621 B.C. Ltd. as royalty holder (the "Royalty Holder"). Each of the Vendors is a founder and director of the Company and was a director of the Company at the time of entering into the Acquisition Agreement. Pursuant to the Acquisition, the Company acquired a 100% right, title, and interest in and to the Property, subject to a 3.5% net smelter returns royalty, by making a cash payment of $1 to each of the Vendors. The acquisition of the Property by the Company was formalized by the Acquisition Agreement. The Property is subject to a 3.5% net smelter returns royalty (the "Royalty") to the Royalty Holder. The Company has the right to purchase 2/7th of the Royalty from the Royalty Holder at any time for $1,000,000 after which the Royalty will be reduced to 2.5% of net smelter returns. After payment of $1,000,000 the Company has the right to purchase 2/5th of the remaining Royalty for $2,000,000 at any time after which the Royalty rate will be reduced to 1.5% of net smelter returns. The Property has a 10 kilometer area of interest, and any mineral claims or properties interest within this area that any of the Vendors and/or associated parties acquires, through staking or otherwise, will become part of the Acquisition Agreement and be subject to the Royalty.

On June 28, 2018, the Company entered into a 21-year lease commencing on August 30, 2016 with the Minister of Department of Indian Affairs and Northern Development. The claim is 188.12 hectares and has an annual rental fee of $470 payable to the Minister of Department of Indian Affairs and Northern Development and there is no other capital commitment required to maintain the lease.

	$
Balance, September 30, 2021	406,315
Assays	10,150
Camp rental	4,700
Claims maintenance	1,000
Equipment rental	4,799
Geological and geophysics (Note 4)	25,387
Staking costs	154,000
Supplies	1,772
Travel	8,153
Balance, September 30, 2022	616,276
Assays	4,244
Geological and geophysics (Note 4)	5,550
Balance, September 30, 2023	626,070

4. Related Party Transactions

(a) As at September 30, 2023, the Company owed $9,124 (2022 - $85,322) to the President of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended September 30, 2023, the Company incurred management fees of $72,000 (2022 - $72,000) to the President of the Company.

(b) As at September 30, 2023, the Company owed $7,780 (2022 - $83,565) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended September 30, 2023, the Company incurred management fees of $72,000 (2022 - $72,000) to the Chief Executive Officer of the Company.

(Expressed in Canadian dollars)

4. Related Party Transactions (continued)

(c) As at September 30, 2023, the Company owed $9,000 (2022 - $44,000) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended September 30, 2023, the Company incurred management fees of $12,000 (2022 - $12,000) to the Chief Financial Officer of the Company.

(d) As at September 30, 2023, the Company owed $6,000 (2022 - $31,884) to directors of the Company which is non-interest bearing, unsecured, and due on demand. During the year ended September 30, 2023, the Company incurred management fees of $8,000 (2022 - $8,000) to directors of the Company.

(e) During the year ended September 30, 2023, the Company incurred geological fees of $5,000 (2022 - $3,000) to a director of the Company (Note 3).

(f) During the year ended September 30, 2023, the Company granted 1,327,000 (2022 – 3,650,000) stock options with a fair value of $81,603 (2022 - $364,454) to officers and directors of the Company.

5. Convertible Debt

On February 18, 2021, the Company issued a convertible note for proceeds of $650,000. The note bears interest at 5% per annum and was due on August 18, 2022. The note is convertible into common shares of the Company at $0.08 per share. If the closing stock price of the Company's common shares is above $0.20 for 20 consecutive trading days (provided it has traded on at least 13 of those days), the Company may on written notice require such amount of the principal amount to be converted to common shares of the Company. In connection with the convertible note, the Company issued 8,125,000 share purchase warrants exercisable at $0.15 per common share expiring on February 18, 2025. The Company also incurred debt issuance costs of $12,200 which was recorded as a reduction of the carrying value of the convertible note.

The convertible note was recorded using the residual method, where the convertible note was bifurcated into a debt component and equity component which is comprised of the embedded conversion feature and share purchase warrants. The fair value of the liability component at the time of issuance was determined to be $532,024 using a net present value calculation assuming a discount rate of 20% per annum. As a result, the value of the equity component of $117,976 was recorded in equity component of convertible debt and an equivalent discount on the convertible note which will be accreted to the face value of $650,000 over the term of the note. During the year ended September 30, 2022, $385,368 was converted into common shares and the Company recognized accretion expense of $52,097, which brings the carrying value to $150,000. The convertible note is now past due and is payable (Note 12).

	$
Balance, September 30, 2021	483,271
Conversion to share capital	(385,368)
Accretion	52,097
Balance, September 30, 2022 and 2023	150,000

(Expressed in Canadian dollars)

6. Share Capital

Authorized: Unlimited common shares without par value

Shares issued during the year ended September 30, 2023:

(a) On November 2, 2022, the Company issued 1,622,000 common shares for proceeds of $162,200 to the Chief Executive Officer and a director pursuant to the exercise of stock options. The fair value of the stock options exercised of $67,729 was transferred from share-based payment reserve to share capital.

(b) On November 10, 2022, the Company issued 3,970,000 units at $0.10 per unit for proceeds of $397,000. Included in this issuance were 2,330,000 units issued to the Chief Executive Officer and the President of the Company for proceeds of $233,000. Each unit consisted of one common share and one share purchase warrant exercisable at $0.15 per common share expiring on November 12, 2024. The Company incurred share issuance costs of $6,900 in connection with this private placement.

(c) On February 10, 2023, the Company issued 2,617,710 common shares with a fair value of $248,682 to settle amounts owed to officers and directors of the Company totaling $261,771. This resulted in a gain on settlement of $13,089.

(d) On July 25, 2023, the Company issued 2,000,000 units at $0.05 per unit for proceeds of $100,000. Included in this issuance were 800,000 units issued for proceeds of $40,000 to the Chief Executive Officer, the President and a director of the Company. Each unit consisted of one common share and one share purchase warrant exercisable at $0.12 per common share expiring on July 25, 2025. The fair value of the share purchase warrants was determined to be $20,000 using the residual method.

Shares issued during the year ended September 30, 2022:

(a) During the year ended September 30, 2022, the Company issued 2,173,000 common shares for proceeds of $217,300 pursuant to the exercise of stock options. The fair value of the stock options exercised of $90,737 was transferred from share-based payment reserve to share capital.

(b) During the year ended September 30, 2022, the Company issued 5,000,000 common shares pursuant to the conversion of $400,000 of the convertible debt with a carrying value of $385,368. Refer to Note 5. Upon conversion, $72,601 was transferred from equity component of convertible debt to share capital.

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, September 30, 2021 and 2022	12,125,000	0.16
Issued	5,970,000	0.14
Expired	(4,000,000)	0.18
Balance September 30, 2023	14,095,000	0.15

(Expressed in Canadian dollars)

7. Share Purchase Warrants (continued)

As at September 30, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
3,970,000	0.15	November 12, 2024
8,125,000	0.15	February 18, 2025
2,000,000	0.12	July 25, 2025
14,095,000		

8. Stock Options

On June 21, 2018, the Company adopted an incentive stock option plan (the "Option Plan"). The maximum number of shares reserved for issuance upon exercise of options granted shall not exceed 15% of the issued and outstanding common shares of the Company. The option period shall not exceed ten years from the date of grant. Under the Option Plan, the subscription price in respect of any option shall be set in accordance with the applicable policies of the CSE. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares in any twelve month period or any aggregate maximum of 1% if the optionee(s) are engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant in any twelve month period. The Option Plan contains no vesting requirements.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price $
Balance, September 30, 2021	4,400,000	0.10
Granted	4,725,000	0.13
Exercised	(2,173,000)	0.10
Expired	(300,000)	0.10
Balance, September 30, 2022	6,652,000	0.12
Granted	1,977,000	0.10
Exercised	(1,622,000)	0.10
Forfeited	(250,000)	0.105
Expired	(305,000)	0.10
Balance, September 30, 2023	6,452,000	0.12

Additional information regarding stock options outstanding as at September 30, 2023 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.10 to 0.105	3,802,000	1.0	0.10
0.15	2,650,000	0.6	0.15
	6,452,000	0.8	0.12

(Expressed in Canadian dollars)

8. Stock Options (continued)

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	2023	2022
Risk-free interest rate	4.13%	2.92%
Expected life (in years)	2	2
Expected volatility	175%	176%

The total fair value of the stock options granted during the year ended September 30, 2023 was $121,574 (2022 - $459,465) which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the year ended September 30, 2023 was $0.06 (2022 - $0.10) per option. For the year ended September 30, 2023, the weighted average fair value of the common shares issued upon the exercise of stock options was $0.08 (2022 - $0.08) per share.

9. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, convertible debt, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) 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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

(Expressed in Canadian dollars)

9. Financial Instruments and Risk Management (continued)

(e) Liquidity Risk (continued)

The following amounts are the contractual maturities of financial liabilities as at September 30, 2023 and 2022:

2023	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	41,177	41,177	–
Convertible debt	150,000	150,000	–
Due to related parties	31,904	31,904	–

2022	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	29,192	29,192	–
Convertible debt	150,000	150,000	–
Due to related parties	244,771	244,771	–

(f) 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.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share-based payment reserve, and equity portion of convertible debt.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended September 30, 2022.

(Expressed in Canadian dollars)

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows**:**

	2023 $	2022 $
Loss before income taxes	(836,666)	(800,132)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(225,900)	(216,036)
Tax effect of:		
Permanent differences and other	32,952	138,399
True up of prior year differences	5,742	–
Change in unrecognized deferred income tax assets	187,206	77,637
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2023 $	2022 $
Deferred income tax assets		
Non-capital losses carried forward	712,910	525,380
Share issuance costs	648	972
Total gross deferred income tax assets	713,558	526,352
Unrecognized deferred income tax assets	(713,558)	(526,352)
Net deferred income tax asset	–	–

As at September 30, 2023, the Company has non-capital losses carried forward of $2,640,408, which are available to offset future years' taxable income. These losses expire as follows:

	$
2036	7
2037	347,682
2038	153,891
2039	275,151
2040	278,690
2041	576,792
2042	292,375
2043	715,820
	2,640,408

The Company also has available mineral resource related expenditure pools totalling $626,070 (2022 - $617,079) which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Event

On December 29, 2023, the Company received a demand letter related to the convertible debt (Note 5).