# Crestview Exploration Inc.

## Consolidated Financial Statements

*For the years ended November 30, 2022 and 2021*

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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## Independent Auditor's Report

To the Shareholders of Crestview Exploration Inc.

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Crestview Exploration Inc. (the "Company"), which comprise the consolidated statements of financial position as November 30, 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year 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 financial position of the Company as at November 30, 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### 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 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 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.

### Other Matters

The consolidated financial statements of the Company for the year ended November 30, 2021 were audited by another audit firm which expressed an unqualified opinion in its report to the shareholders dated March 29, 2022.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Company has not achieved profitable operations, has accumulated losses since inception and expects to incur further losses in the development of its business. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

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 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.

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

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

The engagement partner on the audit resulting in this independent auditor’s report is James D. Gray.

De Visser Gray LLP

**Chartered Professional Accountants**

Vancouver, BC, Canada
March 30, 2023

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# Consolidated Statements of Financial Position

*For the years ended November 30, 2022 and November 30,2021*
*(in Canadian dollars)*

| | ***As at November 30, 2022*** | *As at November 30, 2021* |
|---|---|---|
| | ***$*** | *$* |
| **Assets** | | |
| **Current** | | |
| Cash and cash equivalents (Note 5) | **46,709** | 507,205 |
| Sales tax receivable | **25,547** | 34,275 |
| Prepaids | **16,911** | 12,009 |
| | **89,167** | **553,489** |
| **Non-Current** | | |
| Reclamation bond (Note 6) | **19,755** | 18,708 |
| Exploration and evaluation assets (Note 7) | **1,719,100** | 1,307,051 |
| **Total Assets** | **1,828,022** | 1,879,248 |
| **Liabilities** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | **156,505** | 68,942 |
| **Total Liabilities** | **156,505** | 68,942 |
| **Equity** | | |
| **Share Capital** | | |
| Common shares (Note 8) | **1,904,672** | 1,792,964 |
| **Warrants** | **2,693,150** | 2,303,324 |
| **Contributed surplus** | **1,438,734** | 1,226,449 |
| **Deficit** | **(4,365,039)** | (3,512,431) |
| **Total Equity** | **1,671,517** | 1,810,306 |
| **Total Liabilities and Equity** | **1,828,022** | 1,879,248 |

*Going concern (Note 2)*
*Events occurring after the balance sheet date (Note 16)*

*Approved on behalf of the Board*

*"Dimitrios Liakopoulos"*

*Director*
*Dimitrios Liakopoulos*

*"Christopher Wensley"*

*Director & CEO*
*Christopher Wensley*

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

## Consolidated Statements of Loss and Comprehensive Loss

*For the years ended November 30, 2022 and November 30,2021*
*(in Canadian dollars)*

| | ***Year ended November 30, 2022*** | *Year ended November 30, 2021* |
|---|---|---|
| | ***$*** | *$* |
| **Operating expenses** | | |
| Professional fees | **336,137** | 327,807 |
| Share-based compensation | **212,285** | 1,226,449 |
| Director fees | **93,750** | 75,000 |
| Marketing and promotion | **88,424** | 454,395 |
| Prospecting costs | **28,448** | 24,689 |
| Filing fees | **37,813** | 37,274 |
| Insurance | **27,940** | 19,846 |
| General expenses | **19,989** | 18,834 |
| Travel | **4,077** | 23,180 |
| Interest and bank charges | **1,934** | 2,428 |
| Rental | **951** | 753 |
| Meals and entertainment | **495** | 9,034 |
| IT expenses | **414** | 2,100 |
| Business taxes and licenses | **-** | 1,650 |
| Foreign exchange loss (gain) | **(49)** | 11,657 |
| **Operating loss** | **852,608** | 2,235,096 |
| **Other income** | **-** | 2,602 |
| | **-** | 2,602 |
| **Net loss and comprehensive loss for the year** | **852,608** | **2,232,494** |
| **Weighted average no of common shares** | **21,569,246** | 19,777,219 |
| **Basic and diluted loss per share** (Note 10) | **(0.04)** | (0.11) |

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

## Consolidated Statements of Changes in Equity

*For the years ended November 30, 2022 and November 30,2021*

*(in Canadian dollars)*

| | No of Shares | Share Capital | Warrants | Contributed Surplus | Deficit | Total Shareholder's equity |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| **Balance at November 30, 2020** | **13,016,932** | **1,628,851** | **7,753** | **-** | **(1,286,943)** | **349,661** |
| Net loss and comprehensive loss for the year | - | - | - | - | (2,232,494) | (2,232,494) |
| Share-based compensation | - | - | - | 1,226,449 | - | 1,226,449 |
| Issuance of units (Note 8) | 7,319,733 | 141,442 | 2,192,621 | - | - | 2,334,063 |
| Warrants issued for services (Note 8) | - | - | 117,927 | - | - | 117,927 |
| Exercise of Warrants (Note 8) | 36,500 | 22,671 | (7,971) | - | - | 14,700 |
| Expiry of warrants | - | - | (7,006) | - | 7,006 | - |
| **Balance at November 30, 2021** | **20,373,165** | **1,792,964** | **2,303,324** | **1,226,449** | **(3,512,431)** | **1,810,306** |
| Net loss and comprehensive loss for the year | - | - | - | - | (852,608) | (852,608) |
| Issuance of units (Note 8) | 3,523,333 | 157,250 | 371,249 | - | - | 528,499 |
| Share issuance costs | - | (45,542) | 18,577 | - | - | (26,965) |
| Share-based compensation | - | - | - | 212,285 | - | 212,285 |
| **Balance at November 30, 2022** | **23,896,498** | **1,904,672** | **2,693,150** | **1,438,734** | **(4,365,039)** | **1,671,517** |

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

## Crestview Exploration Inc.
## Consolidated Statements of Cash Flow
*For the years ended November 30, 2022 and November 30,2021*
*(in Canadian dollars)*

| | ***2022*** **$** | ***2021*** **$** |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Net loss for the year** | **(852,608)** | (2,232,494) |
| Items not involving cash: | | |
| Share based payments | **212,285** | 1,226,449 |
| Foreign exchange | **(1,047)** | - |
| Warrants issued for services | **-** | 117,927 |
| Changes in non-cash working capital items: | | |
| Prepaids | **(4,902)** | (9,459) |
| Sales tax receivable | **8,728** | (16,270) |
| Accounts payable and accrued liabilities | **68,556** | (116,782) |
| Cashflows used in operating activities | **(568,988)** | (1,030,629) |
| **INVESTING ACTIVITIES** | | |
| Reclamation bond | **-** | (18,708) |
| Increase in exploration and evaluation assets | **(393,042)** | (693,732) |
| Cashflows used in investing activities | **(393,042)** | (712,440) |
| **FINANCING ACTIVITIES** | | |
| Repayment of shareholder advances | **-** | (14,000) |
| Proceeds from issuance of units, net of issuance costs | **501,534** | 2,243,973 |
| Proceeds from exercise of warrants and options | **-** | 14,700 |
| Cash flows from financing activities | **501,534** | 2,244,673 |
| **Increase / (Decrease) in cash and cash equivalents** | **(460,496)** | 501,604 |
| **Cash and cash equivalents, beginning of the year** | **507,205** | 5,601 |
| **Cash and cash equivalents, end of the year** | **46,709** | 507,205 |
| **Supplementary cash flow information:** | | |
| Exploration and evaluation assets included in accounts payable | **31,252** | 12,245 |
| Gross value of shares issued | **528,499** | 2,388,290 |
| Less: Cash issue cost | **(26,965)** | (52,727) |
| Less: Shares issued on settlement of debts | **-** | (25,090) |
| Less: Shares issued on settlement of loans | **-** | (65,000) |
| Less: Share application money received in previous year | **-** | (1,500) |
| Net proceeds from issuance of shares | **501,534** | 2,243,973 |

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

*(in Canadian dollars)*

## 1. Statement of incorporation and nature of activities

Crestview Exploration Inc. (the "Company"), incorporated under the Business Corporations Act of Canada on August 30, 2017, is involved in the process of exploring, evaluating, and promoting its gold properties and other projects. The Company is domiciled in Canada. The address of the Company's registered office is 330 5th Avenue SW, Calgary, AB, T2P 0L3. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "CRS" and are also listed on the Börse Frankfurt stock exchange ("Frankfurt") with the ticker symbol "CE7".

The consolidated financial statements include a wholly-owned subsidiary in the United States of America, Crestview LLC, that is inactive. The Company's consolidated financial statements represent those of the parent company and its subsidiary as at November 30, 2022 and November 30, 2021. The Company's subsidiary also has a reporting date of November 30th.

## 2. Basis of presentation

*Statement of compliance and going concern uncertainty*

These consolidated financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern depends upon its ability to obtain the necessary financing to fund its exploration activities and related operations and, as necessary, upon the continued support of its suppliers and creditors.

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.

| | **November 30, 2022** | November 30, 2021 |
|---|---|---|
| | **$** | $ |
| Net loss and comprehensive loss for the year | **852,608** | 2,232,494 |
| Deficit | **(4,365,039)** | (3,512,431) |
| Working capital (deficiency) | **(67,338)** | 484,547 |

The carrying amounts of assets, liabilities and expenses presented in the consolidated financial statements and the classifications used in the consolidated financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material. Management routinely plans future activities including forecasting cash flows. Management has reviewed its plan with the board and they have collectively formed a judgment that the Company will obtain adequate resources to continue as a going concern for the foreseeable future, which is defined as being a period of 12 months from the year end date. However, although the Company was able to complete equity financing of approximately $500,000 during the current year, at November 30, 2022 it has negative working capital and will continue to be dependent in the near-term upon the receipt of additional equity financing on terms which are acceptable to it. These factors are indicative of the existence of material uncertainties that cast significant doubt regarding the Company's ability to continue as a going concern.

*Approval of Consolidated Financial Statements*

These consolidated financial statements were approved for issuance by the Board of Directors on March 30, 2023.

## 3. Significant accounting policies

The consolidated financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these consolidated financial statements.

***Basis of measurement***

The consolidated financial statements have been prepared on a historical cost basis.

***Foreign currency translation***

*Functional and presentation currency*

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

*Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates recognized in profit or loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the dates when fair value was determined.

***Segment disclosure***

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in the United States.

***Financial Instruments***

a) Classification
In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the new classification under IFRS 9:

| **Financial Assets/Liabilities** | **Classification under IFRS 9** |
|---|---|
| Cash and cash equivalents | Financial asset at amortized cost |
| Reclamation bonds | Financial asset at amortized cost |
| Accounts payable and accrued liabilities | Financial liabilities at amortized cost |

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

**3. Significant accounting policies** *(continued from previous page)*

b) Measurement

Financial assets and liabilities at amortized cost:
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment for a financial asset.

Financial assets and liabilities at FVTPL:
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

***Cash and cash equivalents***
Cash and cash equivalents comprise cash in bank and demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

***Reclamation bonds***
Reclamation bonds represent funds that are lodged with government authorities to be held against future reclamation and remediation of environmental disturbances as a result of exploration and development activities. After reclamation and remediation, the funds may be recovered. Where applicable under the arrangement with the government authority, the carrying value is increased by the accrued interest earned during the year.

***Exploration and evaluation expenditures and exploration and evaluation asset***
Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. 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), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. 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.

**3. Significant accounting policies** *(continued from previous page)*

***Exploration and evaluation expenditures and exploration and evaluation asset*** *(continued from previous page)*

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated. For the purpose 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.

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.

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:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) 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.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

***Equity***

*Share capital*

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. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the price of the most recent share issue of the Company or, after the Company being listed, their fair value according to the quoted price on the date of the conclusion of the agreement.

*Unit placements*

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black

**3.** ***Significant accounting policies*** *(continued from previous page)*

***Equity*** *(continued from previous page)*

Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

*Other Elements of Equity*

*Warrants*
Warrants that have been issued in combination with common shares are accounted for under IAS 32, *Financial instruments: Presentation*. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed amount of shares.

In calculating the value of warrants, the Company used the Black Scholes option model which incorporates the following inputs: the Company's stock price, expected life of the warrant, volatility of the Company's stock price, dividend yield and the risk-free interest rate.

Warrants include fair value of allocated to warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

*Contributed Surplus*
Contributed surplus includes charges related to stock options until such stock options are exercised. When stock options are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under contributed surplus reserve is transferred to deficit.

Deficit includes all current and prior period retained profits and losses. Deficit also includes charges related to warrants and stocks options expired and any amounts in excess of total contributed surplus related to shares repurchased.

*Purchase for cancellation*
When shares are purchased for cancellation, the carrying amount of the shares is recognized as a deduction of share capital. The difference between the purchase price and the carrying amount is charged to contributed surplus and then to deficit for any amounts in excess of total contributed surplus related to shares repurchased.

***Share-based payments***

*Stock options plan*
The Company operates an equity-settled share-based payment plan for its eligible directors, officers, and employees. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments 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, the Company measures their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus or warrant reserve, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to contributed surplus or warrant reserve, in equity.

**3.** ***Significant accounting policies*** *(continued from previous page)*

***Share-based payments*** *(continued from previous page)*

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock 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 stock 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 stock options ultimately exercised are different to that estimated on vesting.

Upon expiry of the warrants or stock options, the corresponding amounts in the warrants reserve and contributed surplus respectively are transferred to share capital.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

***Basic and diluted loss per share***

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options warrants and restricted share units.

When a loss is incurred during a period, basic and diluted loss per share are the same because the exercise of share equivalents is then considered to be anti-dilutive.

***Income taxes***

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income (loss) or directly in equity.

Current 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 consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred 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 an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

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 liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

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.

**3.** ***Significant accounting policies*** *(continued from previous page)*

***Income taxes*** *(continued from previous page)*

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

***Accounting standards issued but not yet effective***

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements. In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company has assessed that there is no impact of these narrow-scope amendments.

**4. Judgements and estimates**

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements.

**Judgements**

*Going concern*

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment-based assumptions including the probability that future events are considered reasonable according to the circumstances. Judgement is then necessary in assessing the outcome of this evaluation in terms of the accounting principles applied and the disclosures or explanations presented.

**4. Judgements, estimates and assumptions** *(continued from previous page)*

**Judgements** *(continued from previous page)*

*Impairment of exploration and evaluation assets*

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement 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. 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.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances - in particular: whether an economically viable extraction operation can be established and the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information become available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of those expenditures is unlikely, the amount capitalized would be written off to profit or loss in the period when the new information becomes available

Management has used judgement to determine that there are no indications of impairment currently required in respect to any of the projects of the Company.

*Recognition of deferred 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 judgement. To date, management has not recognized any deferred tax assets.

**Estimates**

*Share-based payments and warrant valuation*

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black Scholes valuation model. For the significant inputs in the Black Scholes option pricing model, management made the following assumptions:

- Underlying stock price: Setting the stock price based on market values at or near the grant date of the options.
- Underlying stock price volatility: Based on historical data of comparable publicly-traded companies in the mineral exploration sector.
- Expected life: Given the limited history of both the stock option plan and the Company itself, setting expected life was inherently subjective.

Additionally, management is required to make an estimate of future forfeitures at the time of each grant and reduce the share-based measurement accordingly. This this is also inherently subjective due to the limited history of the Company.

*(in Canadian dollars)*

**5. Cash and cash equivalents**

Cash and cash equivalents are made up of the following:

| | November 30, 2022 | November 30, 2021 |
|---|---|---|
| | $ | $ |
| Cash | 46,709 | 507,205 |

**6. Reclamation bond**

During April 2021, the Company deposited an amount equivalent to $19,755 with the United States Department of the Interior, Bureau of Land Management as a bond towards coverage of statewide operations in the State of Nevada. This amount has been classified as non-current deposits in the financial statements.

**7. Exploration and evaluation (E&E) assets**

Exploration and evaluation assets, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets reflect actual costs incurred and do not necessarily represent present or future value. Changes in future conditions could require material changes in the amounts recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist, and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant, and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

**Rock Creek Property – Elko County, Nevada**

The Rock Creek property is comprised of 74 unpatented lode claims located in Nevada, United States, acquired by the Company in September, 2017.

**Lease with option to purchase: Divide Mine and the Castle Mountain Project – Elko County, Nevada**

During the year ended November 30, 2020, the Company obtained a lease with an option to purchase a 100% interest in the Divide Mine and the Castle Mountain precious metal prospect, both located in Nevada, USA. The Divide Mine is comprised of 12 unpatented lode claims, but the Company also staked seven additional contiguous lode claims in July 2020 such that the property now comprises of 19 claims and covers 391 acres. The Castle Mountain precious metal prospect is comprised of 8 unpatented lode claims covering 165 acres.

**7. Exploration and evaluation (E&E) assets** *(continued from previous page)*

**Lease with option to purchase: Divide Mine and the Castle Mountain Project – Elko County, Nevada** *(continued from previous page)*

Pursuant to the terms of the agreement, the Company shall make advanced royalty payments as follows:

(i) pay $25,000 USD on or before the ‘effective date’ (April 15, 2020) (paid)
(ii) pay $35,000 USD on the 1st anniversary of the effective date (paid)
(iii) pay $50,000 USD on the 2nd anniversary of the effective date (paid)
(iv) pay $75,000 USD on the 3rd anniversary of the effective date
(v) pay $100,000 USD on the 4th anniversary of the effective date
(vi) pay $150,000 USD on the 5th anniversary of the effective date and each year thereafter

The agreement is for a period of 10 years and the Company maintains an option to acquire the property rights outright at any time for a sum of $2,000,000 USD, subject to a 2% Net Smelter Return (NSR) royalty. This buyout amount is also subject to adjustment for changes in the general inflation rate subsequent to 2024.

**Option to purchase: Cimarron Project – Nevada**

In February 2021, the Company obtained an option to acquire a 100% interest in the Cimarron Project, located in Nevada. The Cimarron Project comprises of 13 unpatented lode claims and certain data in possession of the optionor.

Pursuant to the Option Agreement, in order to fully exercise the option, the Company shall:

(i) pay $25,000 USD on the effective date of the agreement (paid)
(ii) pay $35,000 USD on or before 1st anniversary of the effective date (paid)
(iii) pay $30,000 USD on or before 2nd anniversary of the effective date
(iv) pay $21,000 USD on or before 8 months after the amending agreement (Note 16)
(v) pay $45,000 USD on or before 3rd anniversary of the effective date
(vi) pay $45,000 USD on or before 4th anniversary of the effective date

The agreement is for a period of 4 years and the Company maintains an option to acquire the Cimarron Project outright at any time for a sum of $200,000, subject to a 2.5% NSR. In total, the Project currently comprises 31 claims, with additional contiguous claims acquired by the Company by staking.

**Option to purchase: Falcon Mine Claims**

In August 2022, the Company entered into an option to purchase a 100% interest in the Falcon Mine Claims, located in Nevada. The Falcon Mine Claims comprises of 87 unpatented claims and 6 patented claims.

To complete the option, the Company shall:

(i) pay $10,000 USD within 10 days after the effective date (paid)
(ii) pay $40,000 USD and issue 200,000 common shares on/ before December 15, 2023
(iii) pay $75,000 USD and issue 300,000 common shares on/ before December 15, 2024
(iv) pay $100,000 USD and issue 400,000 common shares on/ before December 15, 2025
(v) pay $125,000 USD and issue 500,000 common shares on/ before December 15, 2026
(vi) pay $150,000 USD and issue 600,000 common shares on/ before December 15, 2027

The agreement is for a period of 5 years and the Company right to acquire the properties outright at any time for a sum of $500,000 USD and the issuance of 2,000,000 common shares, subject to a 1.5% NSR.

**7. Exploration and evaluation (E&E) assets** *(continued from previous page)*

Costs applicable to exploration and evaluation assets are as follows:

**Rock Creek Property**
(Figures in Canadian $)

| Particulars | Balance (11/30/2020) | Additions during 2021 | Balance (11/30/2021) | Additions during 2022 | Balance (11/30/2022) |
|---|---|---|---|---|---|
| **Mining Claims** | 275,430 | - | 275,430 | - | 275,430 |
| **Claim Fees** | 66,518 | 16,617 | 83,135 | 16,055 | 99,191 |
| **Consultancy - Claims** | 5,274 | - | 5,274 | 69 | 5,343 |
| **Total Claim Expenses** | **347,222** | **16,617** | **363,839** | **16,124** | **379,963** |
| **Consultancy** | 32,563 | - | 32,563 | - | 32,563 |
| **Geological Services** | 110,400 | 110 | 110,510 | 3,898 | 114,408 |
| **Technical report** | - | - | - | 6,958 | 6,958 |
| **Survey** | 43,118 | 230 | 43,348 | 37,411 | 80,759 |
| **Testing Fees** | 1,985 | - | 1,985 | - | 1,985 |
| **Exploration** | - | 13,280 | 13,280 | 101,490 | 114,770 |
| **Drilling** | - | 2,865 | 2,865 | 2,240 | 5,105 |
| **Others** | - | - | - | 6,361 | 6,361 |
| **Total Exploration Expenses** | **188,066** | **16,485** | **204,551** | **158,358** | **362,909** |
| **Property Totals** | **535,288** | **33,102** | **568,390** | **174,482** | **742,872** |

**Divide Mine Property**
(Figures in Canadian $)

| Particulars | Balance (11/30/2020) | Additions during 2021 | Balance (11/30/2021) | Additions during 2022 | Balance (11/30/2022) |
|---|---|---|---|---|---|
| **Mining Claims** | 20,856 | 22,005 | 42,861 | 63,369 | 106,230 |
| **Claim Fees** | 11,283 | 4,747 | 16,030 | 4,474 | 20,504 |
| **Consultancy - Claims** | - | - | - | 69 | 69 |
| **Total Claim Expenses** | **32,139** | **26,751** | **58,891** | **67,912** | **126,803** |
| **Geological Services** | 9,274 | - | 9,274 | 445 | 9,719 |
| **Technical report** | - | - | - | 1,461 | 1,461 |
| **Survey** | 11,610 | 2,371 | 13,981 | 1,014 | 14,995 |
| **Exploration** | - | 12,220 | 12,220 | 127 | 12,347 |
| **Drilling** | - | 3,112 | 3,112 | 96 | 3,208 |
| **Others** | - | - | - | 2,062 | 2,062 |
| **Total Exploration Expenses** | **20,884** | **17,703** | **38,587** | **5,205** | **43,792** |
| **Property Totals** | **53,023** | **44,454** | **97,478** | **73,117** | **170,595** |

**7. Exploration and evaluation (E&E) assets** *(continued from previous page)*

**Castille Mine Property**
(Figures in Canadian $)

| Particulars | Balance (11/30/2020) | Additions during 2021 | Balance (11/30/2021) | Additions during 2022 | Balance (11/30/2022) |
|---|---|---|---|---|---|
| **Mining Claims** | 13,904 | 22,005 | 35,909 | 31,570 | 67,479 |
| **Claim Fees** | 1,948 | 1,856 | 3,804 | 1,916 | 5,720 |
| **Total Claim Expenses** | **15,852** | **23,861** | **39,713** | **33,486** | **73,199** |
| **Geological Services** | 7,267 | 1,929 | 9,196 | - | 9,196 |
| **Technical report** | - | - | - | 66 | 66 |
| **Survey** | 9,495 | 2,235 | 11,730 | 571 | 12,301 |
| **Exploration** | - | 11,551 | 11,551 | 42 | 11,593 |
| **Drilling** | - | 2,030 | 2,030 | - | 2,030 |
| **Others** | - | - | - | 636 | 636 |
| **Total Exploration Expenses** | **16,762** | **17,744** | **34,507** | **1,315** | **35,822** |
| **Property Totals** | **32,614** | **41,605** | **74,220** | **34,801** | **109,021** |

**Cimarron Project**
(Figures in Canadian $)

| Particulars | Balance (11/30/2020) | Additions during 2021 | Balance (11/30/2021) | Additions during 2022 | Balance (11/30/2022) |
|---|---|---|---|---|---|
| **Mining Claims** | - | 32,691 | 32,691 | 44,708 | 77,399 |
| **Claim Fees** | - | 27,209 | 27,209 | 7,218 | 34,427 |
| **Total Claim Expenses** | **-** | **59,900** | **59,900** | **51,926** | **111,826** |
| **Geological Services** | - | - | - | 848 | 848 |
| **Technical report** | - | - | - | 1,111 | 1,111 |
| **Survey** | - | 17,514 | 17,514 | 696 | 18,210 |
| **Testing Fees** | - | 37,591 | 37,591 | - | 37,591 |
| **Exploration** | - | 63,026 | 63,026 | 982 | 64,008 |
| **Drilling** | - | 376,112 | 376,112 | 479 | 376,591 |
| **Storage** | - | - | - | 2,173 | 2,173 |
| **Others** | - | 12,822 | 12,822 | 1,266 | 14,088 |
| **Total Exploration Expenses** | **-** | **507,065** | **507,065** | **7,555** | **514,620** |
| **Property Totals** | **-** | **566,965** | **566,965** | **59,481** | **626,446** |

**7. Exploration and evaluation (E&E) assets** *(continued from previous page)*

**Falcon Project**

(Figures in Canadian $)

| Particulars | Balance (11/30/2020) | Additions during 2021 | Balance (11/30/2021) | Additions during 2022 | Balance (11/30/2022) |
|---|---|---|---|---|---|
| **Mining Claims** | - | - | - | 25,342 | 25,342 |
| **Consultancy - Claims** | - | - | - | 274 | 274 |
| **Total Claim Expenses** | - | - | - | **25,616** | **25,616** |
| **Geological Services** | - | - | - | 20,452 | 20,452 |
| **Technical report** | - | - | - | 1,361 | 1,361 |
| **Survey** | - | - | - | 785 | 785 |
| **Exploration** | - | - | - | 19,250 | 19,250 |
| **Others** | - | - | - | 2,701 | 2,701 |
| **Total Exploration Expenses** | - | - | - | 49,550 | 44,550 |
| **Property Totals** | - | - | - | **70,166** | **70,166** |

| | | | | | |
|---|---|---|---|---|---|
| **Exploration and Evaluation Costs** | **620,925** | **686,126** | **1,307,053** | **412,047** | **1,719,100** |

**8. Share capital**

a. Capital stock

The capital stock of the Company consists only of fully paid common shares.

Authorized

- Unlimited number of common shares, without par value, voting and participating.
- Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.

b. Issued – Common Shares

**Year ended November 30, 2022**

During the year ended November 30, 2022, the Company completed private placement financings of units at $0.15, with each unit consisting of a common share and a warrant to purchase one common share at a price of $0.30, as described below:

| Issuance date | Number of Units | Shares issued | Warrants issued | Warrants issued as finder's fee | Value of units issued @$0.15 | Share issuance costs in cash | Net cash received | Share issuance costs: Warrants issued |
|---|---|---|---|---|---|---|---|---|
| | Nos | Nos | Nos | Nos | $ | $ | $ | $ |
| 06-Jun-22 | 1,176,667 | 1,176,667 | 1,176,667 | 46,666 | 176,500 | 8,050 | 168,450 | 4,667 |
| 04-Jul-22 | 1,266,666 | 1,266,666 | 1,266,666 | 70,000 | 190,000 | 9,000 | 181,000 | 9,800 |
| 29-Aug-22 | 445,000 | 445,000 | 445,000 | 26,100 | 66,750 | 5,415 | 61,335 | 2,610 |
| 03-Nov-22 | 635,000 | 635,000 | 635,000 | 30,000 | 95,250 | 4,500 | 90,750 | 1,500 |
| | 3,523,333 | 3,523,333 | 3,523,333 | 172,766 | **528,500** | **26,965** | **501,535** | 18,577 |

*(in Canadian dollars)*

**8. Share capital** *(continued from previous page)*

The value of the warrants issued as finders' fee and the share issuance costs have been booked as cost for issuance of shares and have been offset from the proceeds from issuance of shares.

**Year ended November 30, 2021**

In December 2020, the Company closed a non-brokered private placement whereby the Company issued 6,969,968 share units for gross proceeds of $2,090,990. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable into one common share at $0.40 within a period of three years since the date of issue. In connection with the placement, the Company paid a cash finder's fee of $34,896 and issued 116,320 finder's warrants. Each warrant is exercisable at a price of $0.40 for three-year from the date of issuance.

Using the residual method, the fair value of shares was estimated to be $nil and the fair value of the warrants was estimated to be $2,090,990. See Note 8 (d) for the assumptions applied in the Black-Scholes pricing model in determining the fair value of the warrants.

In March 2021, the Company closed a non-brokered private placement whereby the Company issued 349,765 share units for gross proceeds of $297,300. Each unit is comprised of one common share and one-half share purchase warrant, with each whole warrant exercisable into one common share at $1.25 within a period of two years since the date of issue. In connection with the placement, the Company paid cash finder's fees of $17,838 and issued a total of 10,493 finder's warrants. Each finder's warrant is exercisable at a price of $1.25 for two-year from the date of issuance.

Using the residual method, the fair value of shares was estimated to be $234,791 and the fair value of the warrants was estimated to be $62,958. See Note 8 (d) for the assumptions applied in the Black-Scholes pricing model in determining the fair value of the warrants. These costs have been booked as cost for issuance of shares and have been offset from the proceeds from issuance of shares

During the year ended November 30, 2021, the Company issued 336,933 performance warrants in connection with the marketing of the Company in Europe. Each warrant is exercisable into one common share at a price of $0.60. During the year, 36,500 warrants were exercised pursuant to which an amount of $7,971 was transferred from the warrant reserve to share capital

c. Equity reserve – Warrants

Details of common share purchase warrants outstanding are as follows:

| | 30-Nov-22 | | 30-Nov-21 | |
|---|---|---|---|---|
| | **Number of Warrants** | **Weighted average exercise price** | **Number of Warrants** | **Weighted average exercise price** |
| Outstanding - beginning of period | 7,572,596 | 0.41 | 68,500 | 0.6 |
| Granted | 3,696,099 | 0.30 | 7,608,596 | 0.41 |
| Exercised | - | - | (36,500) | 0.4 |
| Expired | - | - | (68,000) | 0.6 |
| Outstanding - end of period | 11,268,695 | 0.37 | 7,572,596 | 0.41 |

*(in Canadian dollars)*

**8. Share capital** *(continued from previous page)*

As at November 30, 2022, the following share purchase warrants were outstanding:

| As at November 30, 2022 | | | As at November 30, 2021 | |
|---|---|---|---|---|
| **Expiry date** | **Number of Warrants** | **Exercise price** | **Number of Warrants** | **Exercise price** |
| 03/23/24 * | 185,375 | $0.41 | 185,375 | $1.25 |
| 12/18/23 | 7,050,288 | $0.41 | 7,050,288 | $0.40 |
| 01/24/24 | 336,933 | $0.41 | 336,933 | $0.60 |
| 06/10/24 | 1,223,333 | $0.30 | - | - |
| 07/27/24 | 1,336,666 | $0.30 | - | - |
| 08/29/24 | 471,100 | $0.30 | - | - |
| 11/03/24 | 665,000 | $0.30 | - | - |
| | 11,268,695 | $0.37 | 7,572,596 | 0.41 |

* The Company extended the expiry date share purchase warrants, issued in relation to Company's private placement dated March 23, 2021, by one year to March 23, 2024.

The fair value of the warrants issued noted above were estimate based on the following ranges of key assumptions:

| **Warrants Reserve** | Years ended November 30, 2022 and 2021 |
|---|---|
| Exercise Price | $0.41 to $0.30 |
| Expected Life | 1 to 2 years |
| Dividend Yield | Nil |
| Volatility | 94% to 128% |
| Risk Free Interest Rate | 0.19% to 4.04% |
| Fair Value | $0.05 to $0.14 |

**9. Share-based payments**

The Company offers a stock option plan for its officers, directors, employees, and consultants. The fair value of stock options for each vesting period is determined using the Black Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event if vested stock options expire, previously recognized share-based compensation is not reversed. In the event if stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

During the year ended November 30, 2022, the Company issued 200,000 stock options to the CEO at $0.40, vesting quarterly over 1 year and shall be valid for 5 years. Under IFRS 2, an amount of $212,285 has been considered as share-based compensation during the year ended November 30, 2022.

*(in Canadian dollars)*

## 9. Share-based payments *(continued from previous page)*

| Stock Options | Year ended November 30, 2022 | Weighted Average Exercise Price | Year ended November 30, 2021 | Weighted Average Exercise Price |
|---|---|---|---|---|
| Outstanding at the beginning of the year | **1,650,000** | **0.42** | - | - |
| Options granted | **200,000** | **0.40** | 1,950,000 | 0.42 |
| Options Expired | **-** | **-** | (300,000) | 0.41 |
| Outstanding at the end of the year | **1,850,000** | **0.41** | 1,650,000 | 0.42 |

On March 16, 2021, the Company issued 1,550,000 incentive stock options to key management and directors at $1.02 and 400,000 incentive stock options to consultants at $1.02. The stock options were modified effected on July 9, 2021, whereby the Company issued 1,550,000 incentive stock options at $0.41 to key management and directors and 400,000 incentive stock options to consultants at $0.50. These stock options shall vest quarterly over 12 months and shall be valid for 5 years. Accordingly, under IFRS 2, the transaction has been classified as a “modification of share-based payment” an amount of $1,226,449 has been considered as share-based compensation during the year. 412,500 of these options were vested at the November 30, 2021 year end.

The fair value of share-based compensation was estimated based on the following ranges of key assumptions:

| Stock options | Years ended November 30, 2022 and 2021 |
|---|---|
| Exercise Price | $0.40 to $1.02 |
| Expected Life | 5 years |
| Dividend Yield | Nil |
| Volatility | 104% to 120% |
| Risk Free Interest Rate | 0.94% to 1.03% |
| Fair Value | $0.25 to $0.82 |

*(in Canadian dollars)*

## 10. Loss per share

Loss per share has been calculated using the weighted average number of common shares outstanding for the year ended November 30, 2022, and for year ended November 30, 2021 as follows:

| | November 30, 2022 | November 30, 2021 |
|---|---|---|
| Net loss for the year attributable to shareholders | **852,608** | **2,232,494** |
| Weighted average number of common shares outstanding | **21,569,246** | **19,777,219** |
| Basic and diluted loss per share | **0.04** | **0.11** |

For the year ended November 30, 2022 and for the year ended November 30, 2021 potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

## 11. Income taxes

The major components of tax expenses (income) for the year ended November 30, 2022 and 2021 are outlined below:

| | *November 30, 2022* *$* | *November 30, 2021* *$* |
|---|---|---|
| Loss before income taxes | (852,608) | (2,232,494) |
| Income tax recovery | (196,100) | (513,474) |
| Increase (decrease) in income taxes resulting from: | | |
| Tax benefits not recognized | 153,476 | 203,228 |
| Share-based payments | 48,826 | 282,083 |
| Warrants issued for services | - | 27,123 |
| Other | (6,202) | 1,040 |
| | - | - |

As at November 30, 2022 and at November 30, 2021, the Company has temporary differences and unused tax losses as follows:

| | 2022 $ | 2021 $ |
|---|---|---|
| **Deferred tax assets** | | |
| Issuance cost and other | 79,140 | 78,679 |
| Non-capital losses | 2,603,172 | 1,936,444 |
| Deferred tax asset | 2,682,313 | 2,015,123 |

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations.

Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At November 30, 2022, deferred tax assets totaling $ 616,954 (2021 - $463,478) have not been recognized.

*(in Canadian dollars)*

**11. Income taxes** *(continued from previous page)*

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

| | *Amount* *$* |
|---|---|
| 2037 | 66,788 |
| 2038 | 198,617 |
| 2039 | 260,752 |
| 2040 | 505,675 |
| 2041 | 904,613 |
| 2042 | 666,728 |
| | 2,603,172 |

**12. Related party transactions**

Transactions with key management: Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer, the Chief Financial Officer ("CFO"), and VP of Exploration. The compensation paid to key management is presented below:

| **Key Managerial Personnel** | **Account Head** | **Expenditure** | | **Accounts payable & Accrued liabilities** | |
|---|---|---|---|---|---|
| | | 12 months ended | | As at | |
| | | November 30, 2022 | November 30, 2021 | November 30, 2022 | November 30,2021 |
| | | $ | $ | $ | $ |
| Chief Financial Officer | Professional fees | 115,045 | - | 1,009 | - |
| | Marketing and promotion | 3,413 | - | - | - |
| Chief Executive Officer | Professional fees | 108,000 | 101,460 | - | - |
| | Director Fees | 6,750 | - | - | - |
| Corporation in which former CEO is an officer | Professional fees | 11,000 | 24,000 | 6,300 | 29,925 |
| | Marketing and promotion | 2,500 | 725 | - | - |
| Ubika Corp. | Marketing and promotion | 8,800 | 50,183 | - | - |
| VP of Exploration | Exploration and evaluation assets | 53,844 | 175,302 | - | 3,514 |
| | Marketing and promotion | 2,177 | - | - | - |
| Dimitrios (James) Liakopoulos | Director Fees | 60,000 | 48,000 | 5,576 | 4,102 |
| Wei-Tek | Director Fees | 9,000 | 9,000 | 5,250 | - |
| Louis Lapointe | Director Fees | 9,000 | 9,000 | 5,250 | - |
| Jim MacKenzie | Director Fees | 9,000 | 9,000 | 3,750 | - |

*(in Canadian dollars)*

**12. Related party transactions** *(continued from previous page)*

**Shares and Warrants Purchased**

| | 12 months ended 30-Nov-22 | | | 12 months ended 30-Nov-21 | | |
|---|---|---|---|---|---|---|
| | Units Nos | Warrants Nos | Value $ | Units Nos | Warrants Nos | Value $ |
| Dimitrios (James) Liakopoulos | 100,000 | 100,000 | 15,000 | 50,000 | 50,000 | 15,000 |
| Christopher Wensley | 70,000 | 70,000 | 10,500 | - | - | - |
| Gisel Joubin / CJ Corporate Management Inc | 53,334 | 53,334 | 8,000 | - | - | - |
| SCA Capital PTY Ltd | - | - | - | 166,667 | 166,667 | 50,000 |
| Ubika | - | - | - | 56,667 | 56,667 | 17,000 |
| Jim MacKenzie | 36,667 | 36,667 | 5,500 | 13,667 | 13,667 | 4,100 |

**13. Capital management policies and procedures**

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, 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 manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company issue new shares to improve its financial performance and flexibility. The company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

**14. Financial assets and liabilities**

The carrying amounts and fair value of financial instruments presented in the statement of financial position are as follows:

| | **As at November 30, 2022** | | As at November 30, 2021 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| **Financial assets** | | | | |
| Cash and cash equivalents | **46,709** | **46,709** | 507,205 | 507,205 |
| Reclamation bond | **19,755** | **19,755** | 18,708 | 18,708 |
| **Financial liabilities** | | | | |
| Accounts payable and accrued liabilities | **156,505** | **156,505** | 68,942 | 68,942 |

The carrying value of cash and cash equivalents, reclamation bond and accounts payable and accrued liabilities is considered to be a reasonable expectation of fair value because of the short-term maturity of these instruments.

## 15. Financial risks

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

The Company's main financial risk exposure and its financial risk management policies are as follows:

**Credit risk**

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash and cash equivalents and sales tax receivable at the reporting date for the aggregate amounts of $72,256 at November 30, 2022 (November 30, 2021: $541,480). This amount excludes the Reclamation bond of $19,755 which covers a matching amount included in Asset retirement obligation. The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent and the cash held in trust is accessible as and when required.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

| | Within 3 months | |
|---|---|---|
| | November 30, 2022 | November 30, 2021 |
| | $ | $ |
| Accounts payable and accrued liabilities | 156,505 | 68,942 |
| Total Liabilities | 156,505 | 68,942 |

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

**Exchange rate risk**

Foreign currency risk is the risk that the Company financial performance could be affected by fluctuations in the exchange rates between currencies. The Company's exploration costs are denominated in U.S. dollars. Being a development stage Company, the Company has no revenues that would have offset the risk of the exchange rate. Currently, the Company has no hedging contracts in place and therefore has exposure to the foreign exchange rate fluctuations. The strengthening of the U.S. dollar would increase the cost of developing the properties under exploration. Strengthening of the Canadian dollar would reduce its overall development cost thereby reducing the need for raising further funding to that extent.

## 16. Events occurring after the balance sheet date

- On December 22, 2022, the Company completed the first tranche of a non-brokered private placement, issuing 700,000 units at a price of $0.10 per unit for aggregate proceeds of $70,000. Each unit consists of one common share of the Company and one share purchase warrant at a price of $0.20 for a term of two years from the date of issuance.

**16. Events occurring after the balance sheet date** *(continued from previous page)*

- On December 22, 2022, the Company issued 165,000 units to certain directors and a former officer of the Company to settle certain fees that were owed to these parties. Each unit consists of one common share of the Company and one share purchase warrant at a price of $0.20 for a term of two years from the date of issuance.

- On February 6, 2023, the Company completed the second tranche of a non-brokered private placement, issuing 485,000 units at a price of $0.10 per unit for aggregate proceeds of $48,500. Each unit consists of one common share of the Company and one share purchase warrant at a price of $0.20 for a term of two years from the date of issuance. The Company will pay $1,800 in cash, and 18,000 broker warrants with the same warrant terms as those described above.

- On February 15, 2023, the Option Agreement Cimarron Project between the Company and Nevada Select Royalty Inc. was amended by replacing the $50,000 USD cash payment to be paid on or before second anniversary of the effective date with $30,000 and adding $21,000 cash payment on or before eight (8) months after the effective date of the amending agreement. All the other terms and conditions of the Option Agreement remain unaltered.

- On March 15, 2023, the Company completed the first tranche of a non-brokered private placement, issuing 1,300,000 units at a price of $0.105 per unit for aggregate proceeds of $136,500. Each unit consists of one common share of the Company and one share purchase warrant at a price of $0.20 for a term of two years from the date of issuance. The Company will pay $10,920 in cash, and 104,000 broker warrants with the same warrant terms as those described above.