TOCVAN VENTURES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2023

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Tocvan Ventures Corp.

Opinion

We have audited the consolidated financial statements of Tocvan Ventures Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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 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 to the financial statements, which indicates that the Company has an accumulated deficit of $6,769,646 as at August 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Financial Asset – Fair Value Through Profit and Loss We draw attention to Note 4 to the financial statements. As at August 31, 2023, the Company held financial assets through profit and loss with a fair value of $1,355,240. We considered this a key audit matter due to: • the complexity required in determining the valuation method used and the fair value calculation recorded by the Company; and • the significant management estimates and judgments required to determine the fair value of the financial asset. Auditing the fair value estimates required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialist.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included the following, among others: • Inspected the equity swap agreements and evaluated the appropriateness of the accounting position adopted; • With the assistance of a valuation specialist, o Assessed the appropriateness of the valuation methodologies used; o Evaluated the reasonableness of the valuation assumptions applied; o Tested the mathematical accuracy of the valuation calculations performed in determining the fair values; o Developed a range of independent estimates; and o Evaluated the reasonableness of the forecast made by management.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 29, 2023

TOCVAN VENTURES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note		August 31, 2023		August 31, 2022
ASSETS					
CURRENT					
Cash		$	20,825	$	86,439
Receivables	*5*		134,859		114,188
Prepaid expenses	*6*		64,187		266,398
Marketable securities	*8*		–		600,000
Financial asset	*4*		1,355,240		1,229,026
TOTAL CURRENT ASSETS			1,575,111		2,296,051
Financial asset	*4*		–		1,023,506
Exploration and evaluation assets	*3,15*		6,326,145		4,320,428
TOTAL ASSETS		$	**7,901,256**	$	**7,639,985**
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	*7*	$	366,304	$	87,494
Due to related parties	*11*		519,086		211,987
Dividend payable	*8*		–		600,000
Debenture payable	*4,10,15*		1,958,304		1,924,034
Warrants payable	*4,9,10*		777,435		1,229,047
TOTAL CURRENT LIABILITIES			3,621,129		4,052,562
SHAREHOLDERS' EQUITY					
Share capital	*9,15*		9,373,703		7,694,247
Reserves	*9*		1,676,070		902,334
Deficit			(6,769,646)		(5,009,158)
TOTAL SHAREHOLDERS' EQUITY			4,280,127		3,587,423
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**7,901,256**	$	**7,639,985**

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

"Brody Sutherland"
Director

"Greg Ball"
Director

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

TOCVAN VENTURES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note		Year ended August 31, 2023		Year ended August 31, 2022
EXPENSES					
Advertising and promotion	*11*	$	570,813	$	724,933
Audit and accounting			91,345		24,148
Consulting	*11*		564,878		93,300
Financing fees			32,771		22,242
Legal			48,972		45,797
Management fees	*11*		48,000		64,500
Meals and entertainment			17,087		1,056
Office and miscellaneous	*11*		40,404		38,705
Regulatory fees			60,387		58,580
Share-based compensation	*9,11*		747,219		238,179
Travel			23,010		14,453
Operating expenses			(2,244,886)		(1,325,893)
Other gain (loss)					
Foreign exchange loss			(64,643)		(8,118)
Interest expense	*10*		(30,384)		(4,925)
Realized loss on sale of asset	*3*		–		(423,970)
Realized loss on financial asset	*4*		(596,583)		(63,679)
Unrealized gain (loss) on financial asset	*4*		502,388		(1,053,198)
Unrealized gain (loss) on debenture payable	*4,10*		(34,270)		891,015
Unrealized gain(loss) on warrants payable	*4*		707,890		(210,415)
Net loss and comprehensive loss for the year		**$**	**(1,760,488)**	**$**	**(2,199,183)**
Loss per share, basic and diluted		**$**	**(0.05)**	**$**	**(0.07)**
Weighted average number of shares outstanding – basic and diluted			**38,528,655**		**32,325,445**

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

TOCVAN VENTURES CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
Balance at August 31, 2021	**29,265,436**	**$4,686,655**	**$ 627,550**	**$(2,559,975)**	**$2,754,230**
Shares issued on exercise of options	254,750	88,150	–	–	88,150
Shares issued on exercise of warrants	101,040	44,958	–	–	44,958
Shares issued for exploration properties	1,500,000	1,365,000	–	–	1,365,000
Shares issued for debt service	54,878	45,000	–	–	45,000
Units issued for cash	1,676,546	1,457,898	–	–	1,457,898
Units issued for services	218,000	186,000	–	–	186,000
Shares issued for financial asset	3,200,000	–	–	–	–
Dividend payable	–	–	–	(250,000)	(250,000)
Share issuance costs	–	(179,414)	36,605	–	(142,809)
Share-based compensation	–	–	238,179	–	238,179
Loss for the year	–	–	–	(2,199,183)	(2,199,183)
Balance at August 31, 2022	**36,270,650**	**7,694,247**	**902,334**	**(5,009,158)**	**3,587,423**
Shares issued on exercise of options	31,250	11,563	–	–	11,563
Shares issued on exercise of warrants	9,600	5,760	–	–	5,760
Shares issued for exploration properties	1,000,000	650,000	–	–	650,000
Shares issued on debt (interest)	59,137	28,090	–	–	28,090
Units issued for cash	1,227,353	638,224	–	–	638,224
Units issued for services	218,000	109,000	–	–	109,000
Equity portion of financial asset	1,169,118	348,079	–	–	348,079
Share issuance costs	–	(111,260)	26,517	–	(84,743)
Share-based compensation	–	–	747,219	–	747,219
Loss for the year	–	–	–	(1,760,488)	(1,760,488)
Balance at August 31, 2023	**39,985,108**	**$9,373,703**	**$1,676,070**	**$(6,769,646)**	**$4,280,127**

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

TOCVAN VENTURES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Year ended August 31, 2023		Year ended August 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	$	(1,760,488)	$	(2,199,183)
Items not involving cash:				
Interest expense		30,384		4,925
Share-based compensation		747,219		238,179
Shares issued for service		109,000		–
Loss from sale of asset		–		423,970
Unrealized loss (gain) on financial asset		(502,388)		1,053,198
Realized loss on financial asset		596,583		63,679
Unrealized loss (gain) on convertible debenture		34,270		(891,015)
Unrealized loss (gain) on warrants payable		(707,890)		210,415
Changes in non-cash working capital items				
Receivables		(20,671)		12,697
Due to related parties		(30,800)		194,568
Due from related parties		–		55,000
Prepaid expenses		202,211		(181,943)
Accounts payable and accrued liabilities		225,767		102,667
Net cash used in operating activities		(1,076,803)		(912,843)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares		553,481		1,315,089
Proceeds from options exercised		11,563		88,150
Proceeds from warrants exercised		5,760		44,958
Receipts from settlement of equity swaps		1,391,822		344,636
Net cash provided by financing activities		1,962,626		1,792,833
CASH FLOWS USED IN INVESTING ACTIVITIES				
Exploration and evaluation asset expenditures		(951,437)		(943,411)
Net cash used in investing activities		(951,437)		(943,411)
Change in cash		(65,614)		(63,421)
Cash, beginning		86,439		149,860
Cash, ending		20,825		86,439
NON-CASH TRANSACTIONS				
Exploration and evaluation assets included in:				
Due to related parties	$	467,143	$	150,858
Accounts payable	$	87,995		–
Shares issued for interest	$	28,090	$	–
Shares issued for financial asset - swap	$	348,079	$	–
Shares issued for exploration and evaluation assets	$	650,000	$	1,365,000

1. NATURE AND CONTINUANCE OF OPERATIONS

Tocvan Ventures Corp. (the "Company") was incorporated on May 23, 2018, under the Alberta Business Corporations Act. On March 1, 2019, the Company's shares started trading on the Canadian Securities Exchange (the "CSE") under the symbol "TOC".

The Company's head office address is Suite 820 – 1130 West Pender St., Vancouver, British Columbia V6E 4A4 Canada. The registered and records office address is Suite 1150, 707 - 7th Avenue S.W., Calgary, Alberta T2P 3H6 Canada.

On September 15, 2020, the Company incorporated, under the laws of Mexico, a wholly-owned subsidiary, Burgencio S.A. de C.V. ("Burgencio"). Burgencio's office address is Blvd. Morelos No, 639,Col. Bachoco, C.P. 83148, Hermosillo, Sonora, Mexico.

The Company is engaged in the acquisition, exploration and development of mineral properties. At August 31, 2023, the Company had not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the exploration and evaluation assets or proceeds from the disposition of the exploration and evaluation asset.

These consolidated financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly will be able to realize its assets and discharge its liabilities in the normal course of operations. At August 31, 2023, the Company had an accumulated deficit of $6,769,646 (2022 – $5,009,158) and is expected to incur further losses, and required additional equity financing to continue developing its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which results in a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

Basis of Preparation

These consolidated financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The consolidated financial statements of the Company are presented in Canadian dollars unless otherwise indicated, the reporting currency of the Company.

These consolidated financial statements were authorized for issue by the Board of Directors on December 29, 2023.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Burgencio. The financial statements of Burgencio are included in the consolidated financial statements from the date that control commenced until the date that control ceases. All intercompany transactions and balances have been eliminated. Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in-line with those used by the Company.

The functional currency of Burgencio is the Canadian dollar, which is determined to be the currency of the primary economic environment in which Burgencio operates.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b) Use of estimates, assumptions and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting year. Significant areas requiring the use of management estimates relate to provisions for restoration and environmental obligations and contingent liabilities, share-based compensation, deferred taxes, and the valuation and remeasurement of the financing transactions (Note 4).

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

1) the classification/allocation of expenses as exploration and evaluation expenditures or operating expenses;
2) the determination that the Company will continue as a going concern for the next years;
3) the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluation assets; and
4) classification of financial instruments issued in the financing transactions as liabilities or equity (Note 4).

c) 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. Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred. Costs incurred once the Company has obtained the legal rights to explore an area are capitalized.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

From time-to-time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists.

Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities; and
- sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest in, these procedures do not guarantee the Company's title.

d) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

e) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Provision for closure and reclamation

The Company recognizes liabilities for statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation as at August 31, 2023.

g) Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black Scholes Option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

h) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. The company has no dilutive instruments.

i) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

j) Financial instruments

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income/(loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial instruments consist of cash, amounts receivable, marketable securities, accounts payable and accrued liabilities which are all classified at amortized cost, and financial asset, debenture payable, warrants payable and dividends payable, which are all classified at FVTPL.

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.

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 net (loss)/income. 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 net income/(loss) in the period in which they arise.

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 the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as 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.

Derecognition
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income.

k) Leases

The Company does not have a right-of-use asset or lease liability as the Company does not have leases of over one year.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets

Title to exploration and evaluation ("E&E") asset interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to its exploration and evaluation asset and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Year ended August 31, 2023	**Rogers Creek**	**Pilar**	**El Picacho**	**Total**
Acquisition costs				
Balance, August 31, 2022	$ –	$ 1,915,000	$ 135,687	$ 2,050,687
Cash	–	75,000	61,102	136,102
Shares issued	–	650,000	–	650,000
Balance, August 31, 2023	–	2,640,000	196,789	2,836,789
Deferred exploration expenditures				
Balance, August 31, 2022		2,116,564	153,177	2,269,741
Geologist fees and assays	–	835,480	295,628	1,131,108
Other exploration expenses	–	13,818	74,689	88,507
Balance, August 31, 2023	–	2,965,862	523,494	3,489,356
Total E&E assets, August 31, 2023	**$ –**	**$ 5,605,862**	**$ 720,283**	**$ 6,326,145**

Year ended August 31, 2022	**Rogers Creek**	**Pilar**	**El Picacho**	**Total**
Acquisition costs				
Balance, August 31, 2021	$ 125,000	$ 990,000	$ 94,196	$ 1,209,196
Cash	–	25,000	41,491	66,491
Shares issued	465,000	900,000	–	1,365,000
Disposition of assets	(590,000)	–	–	(590,000)
Balance, August 31, 2022	–	1,915,000	135,687	2,050,687
Deferred exploration expenditures				
Balance, August 31, 2021	83,970	1,241,963	–	1,325,933
Geologist fees and assays	–	831,370	84,066	915,436
Other exploration expenses	–	43,231	69,111	112,342
Disposition of assets	(83,970)	–	–	(83,970)
Balance, August 31, 2022	–	2,116,564	153,177	2,269,741
Total E&E assets, August 31, 2022	**$ –**	**$ 4,031,564**	**$ 288,864**	**$ 4,320,428**

(Expressed in Canadian Dollars)

Pilar Project, Sonora, Mexico

On September 22, 2019, the Company signed an option agreement to acquire 51% of the Pilar Gold Project in the state of Sonora, Mexico (the "Pilar Project") from Colibri Resource Corp. ("Colibri"). The agreement was amended on August 31, 2021, and the updated conditions are as follows:

	Cash payment	Exploration work	Shares
September 22, 2019	$125,000 (paid)	$Nil	2,000,000 (issued)
September 21, 2020	$125,000 (paid)	$175,000 (completed)	1,000,000 (issued)
September 21, 2021	$25,000 (paid)	$425,000 (completed)	1,000,000 (issued)
September 21, 2022	$75,000 (paid)	$400,000 (completed)	1,000,000 (issued)
September 21, 2023	$75,000 (paid)(1)	$500,000 (completed)	
September 21, 2024		$500,000 (completed)	
TOTAL	**$425,000**	**$2,000,000**	**5,000,000**

(1) *The payment was made subsequent to August 31, 2023*

Once the Company has fulfilled the above commitments it will have earned into a 51% interest in the Pilar Project and will have six months to decide to purchase the remaining 49% interest in the property or establish a joint venture agreement with Colibri. The option to acquire the additional interest will require a $2,000,000 cash payment and granting Colibri a 2% net smelter return royalty ("NSR"), 1% of which can be repurchased for an additional cash payment of $1,000,000.

Subsequent to August 31, 2023, the Company has submitted an exercise notice to Colibri to obtain 51% ownership of the Pilar gold-silver project upon fulfillment of the commitments under the covenants of the option agreement. In addition, the Company is working on a definitive agreement to acquire the remaining 49% interest in the Pilar Project.

Pilar Landholding Expansion

Subsequent to August 31, 2023, the Company entered into a definitive agreement (the "Agreement") with a private owner for an option to acquire 100% interest in a 2,172.72 hectare contiguous land immediately adjacent and north of Pilar Project. Under the terms of the Agreement, the Company will be required to a pay a total of US$4,000,000 in cash, issue 2,500,000 common shares and spend US$1,000,000 in exploration work on the property within a five-year period. The vendor of the property will retain a 2% NSR. After the five-year period, the Company can elect to extend the Agreement by another ten years by starting advance royalty payments or purchase full title ownership through additional payment of US$500,000. The additional acquisition expanded Pilar Project area from 105 hectares to 2,277.72 hectares. On December 1, 2023, the Company paid US$150,000 as partial payment of its commitments and on December 18, 2023, the Company paid the remaining balance of US$100,000 as full payment and fulfillment on its cash commitment upon closing of the Agreement.

A summary of the commitments to be fulfilled on the acquisition is as follows:

	Cash payment	Exploration work	Shares
Closing	US$250,000(1)	US$Nil	US$Nil
Six months after closing	US$200,000	US$Nil	US$250,000
1st anniversary	US$Nil	US$100,000	US$500,000
2nd anniversary	US$1,050,000	US$150,000	US$500,000
3rd anniversary	US$1,150,000	US$250,000	US$750,000
4th anniversary	US$650,000	US$250,000	US$250,000
5th anniversary	US$700,000	US$250,000	US$250,000
TOTAL	**US$4,000,000**	**US$1,000,000**	**US$2,500,000**

(1) *The Company made a payment of US$150,000 on December 1, 2023, and US$100,000 on December 18, 2023, as fulfillment of it closing commitments.*

(Expressed in Canadian Dollars)

El Picacho Project, Sonora, Mexico

On June 7, 2021, the Company signed a letter of commitment to purchase the El Picacho Project ("El Picacho Project") from Recursos Millrock S. de R.L. de C.V. ("Millrock") a Mexican corporation. On signing of the letter of commitment the Company made an initial payment of $94,196 (US$78,000).

On September 15, 2021, the Company entered into an assignment agreement with Millrock for an initial five-year option to acquire the El Picacho property from the property owners, Suarez Brothers, within the Caborca Orogenic Gold Belt in Sonora, Mexico. El Picacho consists of 12 mining concessions totaling 2,395.33 hectares.

To acquire 100% interest in the El Picacho Project, the Company is required to pay Suarez Brothers US$1,985,600 and an additional payment of US$60,000 will be required to gain surface rights to use the Picacho Ranch. Both payments are to be paid in series of instalments ending on April 1, 2026. Millrock is to retain a 2% NSR with option for the Company to purchase back 1% for US$1,000,000. Upon full execution of the Option Agreement and completion of all cash payments, an Annual Advance Minimum Royalty ("AAMR") of US$25,000 will be paid to Millrock, doubling each year until the start of production. AAMR payments will be subtracted from royalty payments on commencement of production.

A summary of the commitments on El Picacho option agreement and surface rights are as follows:

	Option payment	**Surface rights payment**
Closing	US$5,000 (paid by Millrock)	US$6,000 (paid by Millrock)
Six months after closing	US$Nil	US$6,000 (paid)
1st anniversary	US$21,400 (paid)	US$6,000 (paid)
Six months after 1st anniversary	US$21,400 (paid)	US$6,000 (paid)
2nd anniversary	US$21,400 (paid)	US$6,000 (paid)
Six months after 2nd anniversary	US$21,400 (1)	US$6,000
3rd anniversary	US$250,000	US$6,000
Six months after 3rd anniversary	US$Nil	US$6,000
4th anniversary	US$650,000	US$6,000
Six months after 4th anniversary	US$Nil	US$6,000
5th anniversary	US$1,000,000	US$6,000
TOTAL	**US$1,990,600**	**US$66,000**

(1) The Company paid $21,400 subsequent to the fiscal year-end.

Rogers Creek, British Columbia

On May 23, 2018, the Company entered into a purchase agreement with C3 Metals Inc. ("C3 Metals") to earn an 80% interest in mineral claims known as the Rogers Creek property ("Rogers Creek") in the province of British Columbia. On September 29, 2021, the agreement with C3 Metals was amended to increase the interest to 100% of the Rogers Creek. On October 7, 2021, the Company issued 500,000 shares for a 100% interest in Rogers Creek property, subject to 2% NSR of which 1% could have been repurchased for $1,000,000 (Note 9).

On April 22, 2022, The Company executed an assignment agreement for the sale of Rogers Creek to Cascade Copper Corp. ("Cascade Copper"). The transaction consisted of the sale of Rogers Creek in exchange for 5,000,000 common shares of Cascade Copper (the "Cascade Shares") with a fair value of $0.05 per Cascade Share for an aggregate consideration of $250,000 which the Company agreed to distribute as in-specie dividend (Note 8). As at August 31, 2022, the Company recorded $423,970 as loss on the disposition of Rogers Creek Property.

(Expressed in Canadian Dollars)

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The following table summarizes the details of the Company's financial assets associated with Sorbie equity swap agreements dated for reference June 28, 2022 and April 5, 2023, measured through profit and loss:

Financial assets at fair value through profit and loss	**August 31, 2023**	**August 31, 2022**
Balance at the beginning of the year	$ 2,252,532	$ –
Addition of financial assets (initial recognition)	604,357	3,828,756
Cash received during the year	(1,391,822)	(344,636)
Change in cash receivable subsequent to the year-end	(15,632)	(114,711)
Realized loss on the Sorbie settlements	(596,583)	(63,679)
Unrealized gain (loss) on revaluation of the financial assets to fair value	502,388	(1,053,198)
Balance at the end of the year	**$ 1,355,240**	**$ 2,252,532**

The following table provides a breakdown of financial assets associated with Sorbie equity swap agreements between current and non-current assets based on the timing of the expected cash flows:

Financial assets at fair value through profit and loss	**August 31, 2023**	**August 31, 2022**
Current	$ 1,355,240	$ 1,229,026
Non-current	–	1,023,506
Total	**$ 1,355,240**	**$ 2,252,532**

June 28, 2022, Equity Swap Agreement with Sorbie Bornholm LP

On June 28, 2022, the Company entered into a financing transaction with Sorbie Bornholm LP ("Sorbie") whereby the Company agreed to issue 3,200,000 units (the "Sorbie Unit") and 2,809 convertible notes with a face value of $1,000 per note (the "Sorbie Notes") in exchange for 24 monthly cash payments (the "Monthly Settlements") that were measured against a benchmark price of $1.10 per share (the "Benchmark") with a set number of shares totaling $5,125,000 at Benchmark (the "Sorbie Transaction") (Note 10).

The actual Monthly Settlements are determined based on a volume weighted average price ("VWAP") for 20 trading days prior to the Monthly Settlements. If the measured share price exceeds the Benchmark for the Monthly Settlements, the Company will receive more than 100% of the expected Monthly Settlements. However, should the share price be below the Benchmark, the Company will receive less than 100% of the Monthly Settlements.

Each Sorbie Unit consists of one common share and one warrant entitling Sorbie to purchase one additional common share at a price of $1.20 until June 28, 2025. The Sorbie Notes mature on June 28, 2025, can be converted, at discretion of the note holder, into 1,220 common shares per Sorbie Note. The Sorbie Notes pay non-compounding interest at 1% per year, which is payable annually in common shares calculated at $0.82 per share. In connection with the Sorbie Notes, the Company issued 1,713,490 detachable warrants that entitle Sorbie to purchase one additional common share at a price of $1.30 until June 28, 2025, and an additional 1,713,490 detachable warrants that entitle Sorbie to purchase one additional common share at a price of $1.40 until June 28, 2025.

To determine the fair value of the Monthly Settlements the Company used a Monte Carlo simulation.

Based on the terms of the Monthly Settlements, the Company calculated the expected future VWAP share price at each Monthly Settlement, multiplied by the number of predetermined shares per the payment schedule and then discounted using the risk-free rate to determine the present value of the future cash flows. The following assumptions were used:

(Expressed in Canadian Dollars)

As at	**June 28, 2022**	**August 31, 2022**	**August 31, 2023**
Benchmark price	$1.10	$1.10	$1.10
Total number of remaining Settlements[(1)]	24	22	10
Share price on the valuation date	$0.82	$0.56	$0.57
Volatility	90%	85%	75%
Risk-free rate	3.16%	3.66%	5.13%
Fair Value of Expected Cash Flows	**$3,828,756**	**$2,252,532**	**$1,040,585**

(1) *At June 28, 2022, the first Monthly Settlement was valued based on the 454,545 shares, the following 22 Monthly Settlements were valued based on 182,806 shares, with the final Monthly Settlement valued based on 182,804 shares.*

To determine the allocation of the fair value of the Monthly Settlements, the Company analyzed Sorbie Units and Sorbie Notes under guidance available under IFRS 9 *Financial Instruments*. IFRS requires that the terms of a convertible instrument are analyzed and each component separately accounted for according to the definitions of a financial liability and equity. The Company determined that Sorbie Notes and the warrants that were issued as part of the Sorbie Notes and Sorbie Units were liability, therefore the fair values of future Monthly Settlements were allocated first to the Sorbie Notes, then to the warrants with the remaining value allocated to the shares issued as part of the Sorbie Units.

The following table summarizes the initial allocation of the future Monthly Settlements at June 28, 2022, and their subsequent revaluation to the fair values at August 31, 2023 and 2022:

	June 28, 2022	**August 31, 2022**	**August 31, 2023**
Sorbie Notes[(1)]	$ 2,810,124	$ 1,924,034	$ 1,958,304
Warrants to acquire up to 1,713,490 Shares at $1.30 per Share	261,387	313,343	155,929
Warrants to acquire up to 1,713,490 Shares at $1.40 per Share	253,729	297,069	140,511
Warrants to acquire up to 3,200,000 Shares at $1.20 per Share	503,516	618,635	324,350
3,200,000 Shares issued as part of the Sorbie Units	–	–	–
Total	**$ 3,828,756**	**$ 3,153,081**	**$ 2,579,094**

(1) *As at August 31, 2023, the Company recorded $4,925 in accrued interest payable on the Sorbie Notes (August 31, 2022 - $4,925) and had issued 59,147 common shares for the settlement of one-year accrued interest of $28,090.*

Since Sorbie Notes can be settled in shares of the Company at the election of Sorbie at any time, they were determined to be current liability and were valued based on the fair market value of the Company's shares on the date of the transaction, being $0.82, and subsequently revalued using the market value of the Company's shares on August 31, 2023, being $0.57 (2022 - $0.56). At August 31, 2023, the Company recognized $34,270 as unrealized loss (2022 – $891,015 gain) on revaluation of the Sorbie Notes to their fair market value.

The warrants issued as part of the Sorbie Transaction were valued based on the Black Scholes Option Pricing Model using the following assumptions:

	June 28, 2022	**August 31, 2022**	**August 31, 2023**
Share price on the valuation date	$0.82	$0.56	$0.57
Exercise price	$1.20 - $1.40	$1.20 - $1.40	$1.20 - $1.40
Years to exercise	3.00	2.83	1.83
Risk free rate	3.20%	3.6%	4.73%
Volatility	97.50%	81.50%	70.00%

At August 31, 2023, the Company recognized $608,257 as unrealized gain (2022 – $210,415 loss) on revaluation of the Sorbie warrants to their fair market value.

(Expressed in Canadian Dollars)

As at August 31, 2023, the Company has recorded a total of $1,587,685 in Monthly Settlements (2022 – $344,636) representing 13 Monthly Settlements, of which $1,243,049 was received during the year ended August 31, 2023, the 14th Monthly Settlement of $94,639 was recorded as receivable as it was received subsequent to August 31, 2023. The difference between each Monthly Settlement's fair value as at the initial recognition on June 28, 2022, and the actual Monthly Settlement received is recorded through profit and loss as realized gain or loss for the year. For the year ended August 31, 2023, the Company recorded realized loss on settlement of $580,298 (2022 – $63,679).

At August 31, 2023, the fair value of the remaining ten Monthly Settlements was determined to be $1,040,585 (2022 – $2,252,532, being the fair value of 22 Monthly Settlements to be received). The difference between the initial valuation of the Monthly Settlements and their value as at the reporting date, is recorded in the profit and loss statement as unrealized gain or loss on the financial asset. As at August 31, 2023, the Company recognized $591,328 as unrealized gain (2022 – $1,053,198 loss) on the financial asset.

April 5, 2023, Equity Swap Agreement with Sorbie Bornholm LP

On April 5, 2023, Tocvan entered into a financing transaction (the "April Sorbie Transaction") with Sorbie whereby the Company agreed to issue 1,102,941 units (the "April Sorbie Units") for a total consideration of $600,000. The units consisted of one common share priced at $0.544 and one-half share purchase warrant entitling the holder to purchase one additional common share at a price of $0.68 until April 5, 2026. In addition, the Company settled the financing fee of $36,000 by issuing 66,177 common shares and 33,088 share purchase warrants with terms similar to April Sorbie Units. A total of 1,169,118 common shares and 584,559 share purchase warrants were issued to Sorbie for the financing arrangement entered on April 5, 2023.

Furthermore, on April 5, 2023, the Company entered into an equity swap arrangement under a Sharing Agreement with Sorbie to allow settlement provisions for $600,000 to be paid out within a year in 12 monthly tranches of $50,000 with equivalent number of settlement shares at 68,965 per month totaling 827,586 shares (the 12th month number of shares to be at 68,971). The monthly amounts to be paid out depend on how the Company's share price varies against a benchmark price ("Benchmark") set at $0.725. The monthly share price is calculated by using the volume weighted average price ("VWAP") of the Company's share price within 20-trading days prior to settlement date multiplied by the number of settlement shares. If the VWAP of the Company's price is less than the Benchmark price, the Company will receive less than 100% of the monthly cash settlement of $50,000 on a pro rata basis and if the VWAP of the Company's price is more than the Benchmark price, the Company will receive more than 100% of the monthly cash settlement of $50,000. The number of settlement shares will not fluctuate and will remain constant at each settlement date.

To determine initial and subsequent measurements of the fair value of the April Sorbie Settlements at April 5, 2023, and at each reporting period, the Company used a Monte Carlo Simulation.

Based on the terms of the April Sorbie Settlements, the Company calculated the expected future VWAP of the Company's share price at each April Sorbie Settlement date, multiplied by the number of predetermined shares per the payment schedule and then discounted using the risk-free rate to determine the present value of the future cash flows. The following assumptions were used:

As at	**April 5, 2023**	**August 31, 2023**
April Sorbie Benchmark	$0.725	$0.725
Total number of remaining April Sorbie Settlements[(1)]	12	8
Share price on the valuation date	$0.73	$0.57
Volatility	75%	70%
Risk-free rate	4.20%	5.12%
Fair Value of Expected Cash Flows	**$604,357**	**$314,655**

(1) *The fair value of expected cash flows was valued based on eleven April Sorbie Settlements of 68,965 shares, with the final April Sorbie Settlement valued based on 68,971 shares.*

(Expressed in Canadian Dollars)

Based on the above parameters, the Company determined the fair value of the remaining cash flows expected from April Sorbie Transaction at April 5, 2023, to be $604,357 and at August 31, 2023, to be $314,655.

To determine the allocation of the fair value of the April Sorbie Settlements, the Company analyzed April Sorbie Units under guidance available under IFRS 9 *Financial Instruments and* IAS 32. The Company determined that April Sorbie Warrants were liability, therefore the fair values of future Monthly Settlements were allocated first to the April Sorbie Warrants with the remaining value allocated to the shares issued as part of the April Sorbie Units.

The following table illustrates the initial allocation of future April Sorbie Settlements at April 5, 2023, and the subsequent revaluation of the warrants:

		April 5, 2023		**August 31, 2023**
Warrants to acquire up to 584,559 Shares at $0.68 per Share	$	256,278	$	156,645
Equity		348,079		348,079
Total	**$**	**604,357**	**$**	**504,724**

The warrants issued as part of the April Sorbie Transaction were valued based on the Black Scholes Option Pricing Model using the following assumptions:

	April 5, 2023	**August 31, 2023**
Share price on the valuation date	$0.73	$0.57
Exercise price	$0.68	$0.68
Years to exercise	3.00	2.60
Risk-free rate	3.32%	4.68%
Volatility	89.91%	80.73%

At August 31, 2023, the Company recognized unrealized gain of $99,633 (2022 – $Nil) on the revaluation of the April Sorbie Warrants to their fair market value.

As at August 31, 2023, the Company has received a total of $148,773 in April Sorbie Settlements and had recorded $35,704 (2022 – $Nil) as receivable which was received subsequent to August 31, 2023. The difference between April Sorbie Settlement's fair value as at the initial recognition on April 5, 2023, and the actual cash received is recorded through profit and loss as realized income or loss for the year. For the year ended August 31, 2023, the Company recorded realized loss on settlement of $16,286 (2022 – $Nil).

At August 31, 2023, the fair value of the future April Sorbie Settlements was determined to be $314,655. The difference between the initial valuation of the April Sorbie Settlements and their value at the reporting date is recorded in the profit and loss statement as unrealized gain or loss for the year. As at August 31, 2023, the Company recognized $88,940 as unrealized loss on the financial asset.

Sensitivity Analysis

The following table illustrates the impact of a 10% increase and a 10% decrease in the Company's share price on the fair value of the financial assets and financial liabilities from Sorbie transactions:

(Expressed in Canadian Dollars)

Transactions	Fair Market Value As at August 31, 2023	10% Share Price Increase	10% Share Price Decrease
Monthly Settlements	$ 1,040,585	$ 105,487	$ (102,218)
April Sorbie Settlements	314,655	31,396	(31,024)
Warrants @$1.20	324,350	78,937	(71,179)
Warrants @$1.30	155,929	39,056	(34,981)
Warrants @$1.40	140,511	36,142	(32,165)
Warrants @$0.68	156,645	24,667	(23,815)
	$ 2,132,675	**$ 315,685**	**$ (295,382)**

5. RECEIVABLES

	August 31, 2023	August 31, 2022
Sorbie Monthly Settlements receivable	$ 130,343	$ 109,434
GST receivable	4,516	4,724
Other receivable	–	30
	$ 134,859	**$ 114,188**

6. PREPAID EXPENSES

	August 31, 2023	August 31, 2022
Regulatory fees	$ 17,437	$ 15,220
Advertising and promotion	42,131	246,386
Deferred exploration expenditures	4,265	2,892
Consulting	–	1,900
Miscellaneous	354	–
	$ 64,187	**$ 266,398**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023	August 31, 2022
Accounts payable	$ 287,167	$ 51,778
Accrued liabilities	79,137	35,716
	$ 366,304	**$ 87,494**

8. DIVIDEND PAYABLE

On May 23, 2018, the Company entered into a purchase agreement with C3 Metals to earn an 80% interest in Rogers Creek property (Note 3). On September 29, 2021, the Company signed an agreement with C3 Metals to purchase 100% of the Rogers Creek, and on October 5, 2021, the Company issued 500,000 shares for a 100% interest in Rogers Creek.

On April 22, 2022, The Company executed an assignment agreement for the sale of Rogers Creek to Cascade Copper in exchange for 5,000,000 Cascade Shares with a fair value of $0.05 per Cascade Share for an aggregate consideration of $250,000. The Company resolved to distribute the Cascade Copper common shares to the Company's shareholders of record as of the close of business on May 31, 2022. Cascade Copper completed its initial public offering on April 24, 2023, and its shares were listed on the CSE on April 25, 2023.

(Expressed in Canadian Dollars)

On June 29, 2023, the Company distributed an in specie dividend in the form of 5,000,000 common shares of Cascade Copper Corp. at a conversion rate of one Cascade Share for every 7.9852 of the Company's common shares to the Company's shareholders who were registered shareholders at the close of business day on May 31, 2023. At August 31, 2023, dividend payable was $Nil (2022 – $600,000).

	August 31, 2023	August 31, 2022
Balance at the beginning of the year	$ 600,000	$ –
Dividend payable at declaration	–	250,000
Fair value adjustment	(50,000)	350,000
Dividend distribution	550,000	–
Dividend payable at the end of the year	**$ –**	**$ 600,000**

9. SHARE CAPITAL

Authorized and issued

The authorized share capital consists of an unlimited number of common shares without par value (the "Common Shares") and an unlimited number of shares designated as preferred shares. At August 31, 2023, the Company had 39,985,108 common shares (2022 – 36,270,650) and no preferred shares issued and outstanding.

Shares issued during the year ended August 31, 2023

On September 21, 2022, the Company issued 1,000,000 Common Shares with a fair value of $650,000 as payment for Pilar Project pursuant to the Property Option Agreement dated September 22, 2019, as amended on August 31, 2021, between the Company and Colibri (Note 3).

On September 27, 2022, the Company issued 9,600 Common Shares on exercise of finder's warrants with an exercise price of $0.60 for total gross proceeds of $5,760.

On December 2, 2022, the Company issued 18,750 Common Shares on exercise of options at an exercise price of $0.35 for total gross proceeds of $6,563. The share price at the time the options were exercised was $0.47.

On January 6, 2023, the Company issued 12,500 Common Shares on exercise of options at an exercise price of $0.40 for total proceeds of $5,000. The share price at the time the options were exercised was $0.55.

On February 16, 2023, the Company closed a non-brokered private placement (the "Offering") by issuing a total of 1,227,353 units of its common stock at a price of $0.52 per unit for gross proceeds of $638,224. The private placement consisted of three tranches, which closed on January 30, 2023, February 9, 2023, and February 16, 2023. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant (the "Warrant"). Each full Warrant entitles the holder to acquire additional Common Share at a price of $0.62 exercisable within 18 months from the close of the respective tranche. In connection with the Offering, the Company paid $15,400 in legal fees and $56,342 in cash commissions. In addition, the Company issued 108,351 finders warrants ("Finders' Warrants") entitling the holder to acquire one Common Share at a price of $0.52 exercisable within 18 months from the close of the respective tranche. The Finders' Warrants were valued at $26,517 using Black Scholes option pricing model with the following assumptions:

(Expressed in Canadian Dollars)

Share price	$0.52 - $0.60
Exercise price	$0.52
Exercise term	18 months
Risk free rate	3.9%
Volatility	79.16%-80.10%

On February 22, 2023, the Company issued 218,000 Common Shares at $0.50 per share for a total value of $109,000 to a vendor for services rendered in production and broadcasting media in accordance with the agreement dated August 15, 2022.

On April 5, 2023, the Company completed a financing transaction with Sorbie (Note 4). As part of the April Sorbie transaction, the Company issued a total of 1,169,118 April Sorbie Units . Each April Sorbie Unit consisted of one common share and one-half of one common share purchase warrant ("April Sorbie Warrant"). Each full April Sorbie Warrant entitles Sorbie to acquire one additional share at an exercise price of $0.68 exercisable until April 5, 2026. The Company allocated the fair value of the future April Sorbie Settlements expected to be received from the April Sorbie Transaction between all the components of the April Sorbie Transaction based on the guidance available under IAS 32. Based on this, on initial recognition of its fair value at $604,357, the Company allocated $256,278 to the April Sorbie Warrants with $348,079 allocated to the shares issued as part of the April Sorbie Transaction. In connection with April Sorbie Transaction, the Company paid cash of $13,000 in legal fees, which were recorded as share issuance cost.

On July 18, 2023, the Company settled accrued interest of $28,090 on Sorbie Notes by issuing 59,137 common shares. The Sorbie Notes carry a non-compounding interest of 1% per annum to be settled annually in cash or common shares at Sorbie's discretion (Notes 4 and 10).

Shares issued during the year ended August 31, 2022

On September 20, 2021, the Company issued 1,000,000 Common Shares with a fair value of $900,000 as payment for the Pilar Project pursuant to the Property Option Agreement dated September 22, 2019, as amended on August 31, 2021, between the Company and Colibri (Note 3).

On October 7, 2021, the Company issued 500,000 Common Shares with a fair value of $465,000 for a 100% interest in Rogers Creek property (Note 3).

On November 30, 2021, the Company closed the first tranche of a non-brokered private placement of units (the "November Units") issuing 471,225 November Units for gross proceeds of $471,225 (the "November Offering"), and on December 13, 2021, the Company closed the second tranche of the November Offering issuing 266,000 November Units for gross proceeds of $266,000. Of the total 737,225 November Units, 90,000 November Units were issued in exchange for services.

Each November Unit consisted of one Common Share and one-half Common Share purchase warrant (the "November Warrant"). Each November Warrant entitles the holder thereof to acquire one Common Share at a price of $1.50, for a period of 24 months from the closing of each respective November Offering tranche.

In connection with the November Offering, the Company paid $25,500 in legal fees and paid aggregate cash commissions to finders who assisted with the November Offering of $40,791.

In addition, the Company issued a total of 21,378 finders' warrants (the "November Finders' Warrants"). Each November Finders' Warrant is exercisable at a price of $1.00 per Common Share for a period of 24 months from the closing of the respective November Offering tranche. 20,098 November Finders' Warrants were valued at $11,045 using the Black Scholes option pricing model using the following assumptions: share price - $0.94; Exercise price - $1.00; expected life – 2 years; expected volatility – 105.45%; risk free interest rate – 0.93%. Remaining 1,280 November Finders' Warrants issued on close of the second tranche were valued at $678 using the following assumptions: share price - $0.96; exercise price - $1.00; expected life – 2 years; expected volatility – 108.29%; risk free interest rate – 1.00%.

On March 21, 2022, the Company closed a non-brokered private placement of 481,071 units (the "March Units") at a price of $0.75 per unit for gross proceeds of $360,803 (the "March Offering"). Each March Unit consisted of one Common Share and one Common Share purchase warrant (the "March Warrant"). Each March Warrant entitles the holder to acquire one Common Share at a price of $1.35 which expires September 21, 2023. Of the 481,071 March Units, 128,000 March Units were issued in exchange for services.

In connection with the March Offering, the Company paid $4,000 in legal fees, paid cash commissions of $14,322, and issued 19,096 finders' warrants exercisable at a price of $0.75 per Common Share expiring on September 21, 2023. The Company calculated share issuance costs of $6,237 using Black Scholes option pricing model with the following assumptions: share price - $0.73; exercise price - $0.75; expected life – 1.5 years; expected volatility – 97%; risk free interest rate – 2.03%.

On May 9, 2022, the Company closed a non-brokered private placement of 432,750 units at a price of $0.80 per unit (the "May Unit") for gross proceeds of $346,200 (the "May Offering"). Each May Unit consisted of one Common Share and one Common Share purchase warrant (the "May Warrant"). Each May Warrant entitles the holder to acquire one Common Share at a price of $1.40 which expires May 9, 2024.

In connection with the May Offering, the Company paid $10,000 in legal fees, paid cash commissions of $27,696, and issued 34,620 finders' warrants exercisable at a price of $0.80 per Common Share expiring on May 9, 2024. The Company calculated share issuance costs of $12,644 using Black Scholes option pricing model with the following assumptions: share price - $0.75; exercise price - $0.80; expected life – 2 years; expected volatility – 93%; risk free interest rate – 2.53%.

On June 14, 2022, the Company closed a non-broker private placement and issued 243,500 units at $0.82 per unit (the "June Unit") for gross proceeds of $199,670 (the "June Offering"). Each June Unit consisted of one Common Share and one Common Share purchase warrant (the "June Warrant"). Each June Warrant entitles the holder to purchase one additional Common Share at a price of $1.40 per Common Share exercisable until June 14, 2024.

In connection with the June Offering, the Company incurred $20,500 in legal fees and issued 12,160 finders' warrants exercisable at a price of $0.82 per Common Share exercisable until June 14, 2024. The Company calculated share issuance costs of $6,001 using Black Scholes option pricing model with the following assumptions: share price - $0.93; exercise price - $0.82; expected life – 2 years; expected volatility – 91.46%; risk-free interest rate – 3.46%.

On June 14, 2022, the Company issued 54,878 Common Shares at $0.82 per share to a consultant to settle a payable account amounting to $45,000 for services rendered to the Company.

On June 28, 2022, the Company completed a financing transaction with Sorbie (Notes 4 and 10). As part of the Sorbie Transaction, the Company issued 3,200,000 Sorbie Units. Each Sorbie Unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitles Sorbie to purchase one additional common share at a price of $1.20 exercisable until June 28, 2025. The Company allocated the fair value of the future Monthly Settlements expected to be received from the Sorbie Transaction between all the components of the Sorbie Transaction based on the guidance available under IAS 32, which states that where an instrument contains a liability and equity component, the liability component should be determined first, and the residual amount is allocated to the equity component. Based on this, the Company allocated $503,516 to the warrants issued as part of the Sorbie Units, with $Nil allocated to the shares issued as part of the Sorbie Units.

During the year ended August 31, 2022, the Company issued 254,750 shares on exercise of options to acquire Common Shares for total proceeds of $88,150. The weighted average share price at the time the options were exercised was $0.54.

During the year ended August 31, 2022, the Company issued 101,040 shares on exercise of warrants for total proceeds of $44,958.

(Expressed in Canadian Dollars)

Stock Options

The Company has a rolling stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of five years and vest as determined by the board of directors.

	Year ended August 31,2023		**Year ended August 31, 2022**	
	Number of Stock Options	**Weighted Average Exercise Price**	**Number of Stock Options**	**Weighted Average Exercise Price**
Options outstanding, beginning	2,725,250	$ 0.54	1,680,000	$ 0.31
Options exercised	(31,250)	$ 0.37	(254,750)	$ 0.37
Options expired	(431,500)	$ 0.27	–	n/a
Options granted	400,000	$ 0.72	1,300,000	$ 0.72
Options outstanding, ending	2,662,500	$ 0.60	2,725,250	$ 0.54
Options outstanding, exercisable	2,362,500	$ 0.59	1,425,250	$ 0.38

As at August 31, 2023, the following incentive stock options are outstanding:

Number of Stock Options	**Exercise Price**	**Years remaining**	**Expiry Date**	**Exercisable at August 31, 2023**
150,000	$ 0.15	1.15	October 24, 2024	150,000
181,250	$ 0.35	2.06	September 11,2025	181,250
281,250	$ 0.40	2.06	September 21, 2025	281,250
100,000	$ 0.40	2.29	December 15, 2025	100,000
150,000	$ 0.35	2.39	January 19, 2026	150,000
200,000	$ 0.80	2.67	May 3, 2026	200,000
1,200,000	$ 0.72	3.93	August 5, 2027	1,200,000
400,000	$ 0.72	4.64	April 20, 2028	100,000
2,662,500	**$ 0.60**	**3.31**		**2,362,500**

As at August 31, 2023, the weighted average life of the options was 3.31 years.

Subsequent to August 31, 2023, the Company granted 500,000 options to various consultants exercisable at a price of $0.50 per common share. These options vested on the grant date, being October 3, 2023, and are exercisable until October 3, 2028.

Share-based compensation

On August 5, 2022, the Company granted 1,300,000 stock options to certain consultants, directors, and officers of the Company which entitle the holders to purchase one Common Share for each option held at a price of $0.72 per Common Share expiring on August 5, 2027. The options vested quarterly at a rate of 25% per quarter beginning on November 5, 2022. In connection with this grant, the Company calculated the fair value of the share-based compensation to be $704,339 using the Black Scholes Option Pricing Model with the following assumptions: share price – $0.72; exercise price – $0.72; expected life – 5 years; expected volatility – 99.65%; risk free interest rate – 2.90%.

(Expressed in Canadian Dollars)

On April 20, 2023, the Company granted 400,000 stock options to certain consultants and directors of the Company which entitle the holders to purchase one common share for each option held at a price of $0.72 per share exercisable until April 20, 2028. The options vest quarterly at a rate of 25% per quarter beginning on July 20, 2023. The Company calculated the fair value of the share-based compensation to be $228,203 using Black-Scholes Option Pricing Model with the following assumptions: share price – $0.76; exercise price – $0.72; expected life – 5 years; expected volatility – 97.09%; risk-free interest rate – 3.15%.

During the year ended August 31, 2023, the Company recognized $747,219 (2022 – $238,179) in share-based compensation.

Warrants

	Year ended August 31, 2023		Year ended August 31, 2022	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Warrants outstanding, beginning	9,491,103	$ 1.22	1,368,375	$ 0.72
Warrants issued	1,306,587	$ 1.21	8,240,168	$ 0.80
Warrants exercised	(9,600)	$ 0.60	(101,040)	$ 0.20
Warrants expired	(1,241,335)	$ 0.60	(16,400)	$ 0.20
Warrants outstanding, ending	9,546,755	$ 1.21	9,491,103	$ 1.22

At August 31, 2023, the following subscribers' warrants are outstanding:

Expiry Date	**Number of Subscribers' Warrants**	**Weighted Average Exercise Price**
November 29, 2023(1)	235,613	$ 1.50
December 13, 2023(1)	133,000	$ 1.50
September 21, 2023(1)	481,071	$ 1.35
May 9, 2024	432,750	$ 1.40
June 14, 2024	243,500	$ 1.40
June 28, 2025	1,713,490	$ 1.30
June 28, 2025	1,713,490	$ 1.40
June 28, 2025	3,200,000	$ 1.20
July 30, 2024	220,856	$ 0.62
August 9, 2024	267,335	$ 0.62
August 16, 2024	125,486	$ 0.62
April 5, 2026	584,559	$ 0.68
	9,351,150	**$ 1.22**

(1) Subsequent to August 31, 2023, these warrants expired unexercised.

As at August 31, 2023, the weighted average life of the subscribers' warrants was 0.88 years.

(Expressed in Canadian Dollars)

At August 31, 2023, the following finders' warrants are outstanding:

Expiry Date	Number of Finders' Warrants	Weighted Average Exercise Price
November 29, 2023[1]	20,098	$ 1.00
December 13, 2023[1]	1,280	$ 1.00
September 21, 2023[1]	19,096	$ 0.75
May 9, 2024	34,620	$ 0.80
June 14, 2024	12,160	$ 0.82
July 30, 2024	39,787	$ 0.52
August 9, 2024	43,467	$ 0.52
August 16, 2024	25,097	$ 0.52
	195,605	**$ 0.66**

[1] Subsequent to August 31, 2023, these warrants expired unexercised

As at August 31, 2023, the weighted average life of the finders' warrants was 0.72 years.

10. CONVERTIBLE NOTES

In connection with the Sorbie Transaction (Notes 4 and 9), the Company issued a total of 2,809 convertible notes with a face value of $1,000 per Sorbie Note for a total of $2,810,124 maturing on June 28, 2025. Each Sorbie Note has a coupon rate of 1% per annum, non-compounding, and is payable in Common Shares at a conversion price of $0.82 per Common Share at maturity date. Each note is convertible into 1,220 common shares. The Sorbie Notes can be converted to shares at discretion of Sorbie, provided that notice in writing setting out the number of Sorbie Notes to be converted and the proposed date for conversion is given to the Company at least five business days prior to the proposed date for conversion. In addition, the Sorbie Notes cannot be redeemed prior to the maturity date, when they automatically convert to Common Shares of the Company.

The Company determined that, since the consideration receivable for Sorbie Notes cannot be readily determined, and due to convertibility of the Sorbie Notes at the discretion of Sorbie at any time after the close of the Sorbie Transaction and before their maturity date, the fair value of these notes should be recorded as current liability with any changes in the fair value being recognized as profit or loss. At August 31, 2023, the Company recognized $34,270 as loss (2022 - $891,015 gain) on revaluation of the Sorbie Notes, which resulted from the increase of the Company's share price from $0.56 at August 31, 2022, to $0.57 at August 31, 2023 (2022 - decrease of the Company's share price from $0.82 at June 28, 2022, to $0.56 at August 31, 2022).

On July 18, 2023, the Company settled interest accrued on the Sorbie Notes as at June 28, 2023, being $28,090, by issuing 59,137 Common Shares.

During the year ended August 31, 2023, the Company recorded $28,090 in interest expense on the Sorbie Notes (2022 - $4,925). As at August 31, 2023, total remaining interest owing was $4,925 (2022 – $4,925).

11. RELATED PARTY TRANSACTIONS

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

(Expressed in Canadian Dollars)

Description		August 31, 2023		August 31, 2022
Advertising and promotions	$	23,173	$	–
Consulting fees		26,000		–
Exploration expenses		448,594		340,276
Finder's fees		34,262		–
Management fees		48,000		64,500
Rent expense		–		4,500
Share-based compensation		396,701		100,248
	$	976,730	$	509,524

Related party balances

At August 31, 2023, the Company incurred $48,000 in management fees to the Company's CEO. A total of $46,143 (2022 – $64,739) was owed to the Company's CEO and a company controlled by the CEO including $19,893 owed for reimbursable expenditures covering office and miscellaneous expenses.

At August 31, 2023, $462,143 was owed to a company controlled by a director of the Company (2022 – $125,948).

At August 31, 2023, the Company incurred $23,173 in advertising and promotion expenses to a company controlled by a director (2022 – $Nil).

At August 31, 2023, $Nil (2022 – $1,050) was owed to an officer of the Company. During the year, the Company incurred $12,000 (2022 – $2,000) in consulting fees to the related party.

At August 31, 2023, $3,150 (2022 – $12,600) was owed to a former CEO and director and $7,650 (2022 – $7,650) was owed to a company controlled by the former related party.

At August 31, 2023, the Company incurred $14,000 (2022 – $Nil) in consulting fees and $34,262 (2022 – $Nil) in finder's fees to a company controlled by a former director.

All amounts due to related parties are unsecured, non-interest bearing, and with no fixed repayment terms.

12. CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

a. Fair Value

The Company's financial instruments consist of cash, amounts receivable, marketable securities, accounts payable, accrued liabilities and due to related parties classified at amortized cost. The fair values of these financial instruments approximate their carrying values because of their current nature. The financial asset, debenture payable, warrants payable and dividends payable, are all classified at FVTPL. Financial assets and liabilities at fair value through profit and loss are revalued at each reporting date based on the three levels of a fair value hierarchy.

The following table summarizes the carrying values of the Company's financial instruments:

(Expressed in Canadian Dollars)

	August 31, 2023	**August 31, 2022**
Financial assets at amortized cost (i)	$ 155,684	$ 200,627
Financial assets at fair value through profit and loss (ii)	$ 1,355,240	$ 2,852,532
Financial liabilities at amortized cost (iii)	$ 885,390	$ 299,481
Financial liabilities at fair value through profit and loss (iv)	$ 2,735,739	$ 3,753,081

(i) Cash and amounts receivables
(ii) Monthly Settlements resulting from Sorbie Transactions (Notes 4, 9, and 10), and marketable securities
(iii) Due to related parties, accounts payable and accrued liabilities
(iv) Sorbie Notes, warrants payable issued to Sorbie as a result of Sorbie Transactions (Notes 4, 9, and 10), and dividend payable (Note 8)

b. Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, which is held with a high credit quality financial institution, Monthly Settlements receivable as a result of Sorbie Transactions, and to a smaller extent GST receivable from the Government of Canada.

c. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuances when required. The Sorbie Notes mature on June 28, 2025 (Note 4) however, Sorbie may convert to shares at any time. The warrants payable can only be settled in shares. The Company's other financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

d. Foreign Exchange Risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has financial risk arising from fluctuations in foreign exchange rates as the Company, through its wholly owned subsidiary, does own foreign currency denominated financial assets and liabilities.

e. Interest Rate Risk

Interest rate risk is the risk that arises from fluctuating interest rates. The Company is not exposed to significant interest rate risk.

f. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company. The Company has exposure to equity price risk since Sorbie Monthly Settlements are affected by the movement of the Company's share price. Marketable securities (Cascade Shares) and dividends payable, however, will have no price risk impact as the securities have been distributed to its shareholders before the fiscal year-end.

(Expressed in Canadian Dollars)

14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	For the years ended	
	August 31, 2023	**August 31, 2022**
Net loss	$ (1,760,488)	$ (2,199,183)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(475,000)	(594,000)
Impact of different statutory tax rate on earnings from subsidiaries	15,000	–
Non-deductible items and other	383,000	349,000
Share issue costs	(6,000)	(175,000)
Adjustment to prior years provision versus statutory tax returns	13,000	3,000
Foreign exchange	(5,000)	–
Other	(595,000)	44,000
Change in deferred tax assets not recognized	670,000	373,000
Income tax recovery	$ –	$ –

The significant components of the Company's deferred tax assets and liabilities are as follows:

	August 31, 2023	**August 31, 2022**
Non-capital losses	$ 1,285,000	$ 858,000
Share issuance costs	39,000	140,000
Investment tax credits	173,000	48,000
	1,497,000	1,046,000
Unrecognized deferred tax assets	(1,497,000)	(1,046,000)
Net deferred income tax assets	$ –	$ –

The Company has non-capital losses for Canadian income tax purposes of approximately $4,750,000 which may be carried forward and applied against taxable income in the future. These losses, if not utilized, will expire starting in 2039.

15. SUBSEQUENT EVENTS

On September 19, 2023, the Company submitted an exercise notice to Colibri Resources Corp for the majority ownership of 51% of the Pilar gold-silver project in Sonora, Mexico (Note 3).

On November 1, 2023, the Company issued 854,000 common shares for a total consideration of $700,000 to Sorbie pursuant to the exercise of 700 Sorbie Notes with each note convertible into 1,220 common shares (Note 10). The total interest of $2,397 accrued on the 700 Sorbie Notes up to November 1, 2023, was converted into 5,387 common shares at a deemed price of $0.445. These shares were issued on December 12, 2023.

On November 29, 2023, the Company closed the first tranche of a non-brokered private placement of 820,000 units at $0.45 per unit for gross proceeds of $369,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of $0.60 exercisable within 24 months from the closing of the first tranche, subject to accelerated expiry provisions.

On December 11, 2023, the Company closed the second and final tranche of the non-brokered private placement issuing 680,333 units at $0.45 per unit for gross proceeds of $306,150. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of $0.60 exercisable within 24 months from the closing of the offering, subject to accelerated expiry provisions.

In relation to the private placement financing, the Company paid an aggregate cash commissions of approximately $47,165 and issued a total of 105,700 finders' warrants. Each finders' warrant is exercisable at a price of $0.45 per common share 24 months from the closing date of the respective tranche.

On December 19, 2023, the Company issued 525,000 common shares to Colibri Resources Corp. pursuant to the anti-dilution clause found in Section 9 of the Property Option Agreement dated September 22, 2019.