NINE MILE METALS LTD.

Consolidated Financial Statements

Years Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nine Mile Metals Ltd.

Opinion

We have audited the consolidated financial statements of Nine Mile Metals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had no revenues and incurred negative cash flow from operations of $2,291,177 during the year ended September 30, 2023 and, as of that date, the Company had an accumulated deficit of $12,066,314. 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

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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, 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 International Financial Reporting Standards, 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.

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

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

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

January 26, 2024

NINE MILE METALS LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2023 $	September 30, 2022 $
ASSETS		
Current assets		
Cash	446,001	1,073,662
Amounts receivable	72,802	82,715
Prepaid expenses	55,322	38,861
Total current assets	574,125	1,195,238
Non-current assets		
Exploration and evaluation assets (Note 3)	4,374,680	4,052,900
Total assets	4,948,805	5,248,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	154,739	18,004
Due to related parties (Note 4)	15,738	4,000
Total liabilities	170,477	22,004
Shareholders' equity		
Share capital (Note 6)	15,629,378	13,753,731
Equity reserve (Notes 6 and 8)	1,215,264	843,106
Deficit	(12,066,314)	(9,370,703)
Total shareholders' equity	4,778,328	5,226,134
Total liabilities and shareholders' equity	4,948,805	5,248,138

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 13)

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

/s/ "Patrick Cruickshank"	*/s/ "James Bordian"*
Patrick Cruickshank, Director	James Bordian, Director

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

NINE MILE METALS LTD.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended September 30, 2023 $	Year ended September 30, 2022 $
Expenses		
Consulting fees (Note 4)	123,000	120,000
Insurance	27,700	–
Investor relations	361,864	169,911
Management fees (Note 4)	220,000	145,680
Mineral exploration costs (Notes 3 and 4)	1,534,238	532,317
Office and miscellaneous	58,106	20,063
Professional fees	120,167	132,663
Rent (Note 4)	40,294	40,500
Share-based compensation (Note 8)	144,340	514,256
Transfer agent and filing fees	58,885	63,543
Wages and benefits	17,526	15,980
Total expenses	2,706,120	1,754,913
Net loss before other income (expense)	(2,706,120)	(1,754,913)
Other income (expense)		
Accretion of discount on loan payable (Note 5)	–	(9,627)
Interest income	21,026	–
Government assistance (Note 5)	–	20,000
Loss on debt settlement (Note 6)	(10,517)	–
Settlement of flow-through share liability (Note 6)	–	21,900
Total other income (expense)	10,509	32,273
Net loss and comprehensive loss for the year	(2,695,611)	(1,722,640)
Loss per share, basic and diluted	(0.05)	(0.04)
Weighted average shares outstanding	58,261,159	38,665,200

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

NINE MILE METALS LTD.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital		Equity		Total
	Number of shares	Amount $	Equity reserve $	Deficit $	Total shareholders' equity $
Balance, September 30, 2021	21,918,729	8,295,021	259,747	(7,648,063)	906,705
Units issued for cash	8,858,625	1,682,152	–	–	1,682,152
Share issuance costs	–	(169,442)	69,103	–	(100,339)
Flow-through share premium liability	–	(21,900)	–	–	(21,900)
Shares issued for acquisition of exploration and evaluation assets	21,575,000	3,854,500	–	–	3,854,500
Shares issued for finder's fee on acquisition of exploration and evaluation assets	630,000	113,400	–	–	113,400
Share-based compensation	–	–	514,256	–	514,256
Net loss for the year	–	–	–	(1,722,640)	(1,722,640)
Balance, September 30, 2022	52,982,354	13,753,731	843,106	(9,370,703)	5,226,134
Units issued for cash	8,625,342	1,626,613	193,067	–	1,819,680
Share issuance costs	–	(160,080)	50,696	–	(109,384)
Shares issued upon exercise of finder's warrants	70,680	49,165	(15,945)	–	33,220
Shares issued for acquisition of exploration and evaluation assets	1,082,143	124,446	–	–	124,446
Shares issued for exploration and evaluation asset option payments	433,334	117,334	–	–	117,334
Shares issued for debt settlement	649,534	118,169	–	–	118,169
Share-based compensation	–	–	144,340	–	144,340
Net loss for the year	–	–	–	(2,695,611)	(2,695,611)
Balance, September 30, 2023	63,843,387	15,629,378	1,215,264	(12,066,314)	4,778,328

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

NINE MILE METALS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended September 30, 2023 $	Year ended September 30, 2022 $
Operating activities		
Net loss for the year	(2,695,611)	(1,722,640)
Items not involving cash:		
Accretion of discount on loan payable	–	9,627
Government assistance	–	(20,000)
Loss on debt settlement	10,517	–
Settlement of flow-through share liability	–	(21,900)
Share-based compensation	144,340	514,256
Changes in non-cash operating working capital:		
Amounts receivable	9,913	(72,185)
Prepaid expenses	(16,461)	(14,349)
Accounts payable and accrued liabilities	244,387	(7,318)
Due to related parties	11,738	4,000
Net cash used in operating activities	(2,291,177)	(1,330,509)
Investing activities		
Acquisition of exploration and evaluation assets	(80,000)	(85,000)
Net cash used in investing activities	(80,000)	(85,000)
Financing activities		
Repayment of loan payable	–	(40,000)
Proceeds from exercise of finder's warrants	33,220	–
Proceeds from issuance of units	1,819,680	1,682,152
Share issuance costs	(109,384)	(100,339)
Net cash provided by financing activities	1,743,516	1,541,813
Change in cash	(627,661)	126,304
Cash, beginning of year	1,073,662	947,358
Cash, end of year	446,001	1,073,662
Non-cash investing and financing activities:		
Fair value of finder's warrants for share issuance costs	50,696	69,103
Fair value of finder's warrants transferred to share capital from equity reserve upon exercise	15,945	–
Flow-through share premium liability	–	21,900
Shares issued for acquisition of exploration and evaluation assets	241,780	3,854,500
Shares issued for finder's fee on acquisition of exploration and evaluation assets	–	113,400
Shares issued for debt settlement	118,169	–

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

1. Nature of Operations and Continuance of Business

Nine Mile Metals Ltd. (the "Company") was incorporated under the Business Corporations Act in British Columbia on June 8, 2018 as 1167609 B.C. Ltd. On November 19, 2018, the Company changed its name to Stevens Gold Nevada Inc. On April 12, 2021, the Company filed a Certificate of Amalgamation, whereby the Company and its wholly-owned subsidiaries, Lynx Gold Mining Corp. and Lynx Gold Corp., were amalgamated as one company under the name Stevens Gold Nevada Inc. On January 18, 2022, the Company changed its name to Nine Mile Metals Ltd. On June 14, 2022, the Company dissolved its wholly-owned subsidiary, Lynx Gold Exploration Corp. The principal business of the Company is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company's shares are listed on the Canadian Securities Exchange under the symbol "NINE" and are trading on the OTCQB Venture Market under the stock symbol "VMSXF". The Company's registered office is located at 350 – 1650 West 2nd Avenue, Vancouver, BC.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended September 30, 2023, the Company had no revenues and incurred negative cash flow from operations of $2,291,177. As at September 30, 2023, the Company had an accumulated deficit of $12,066,314. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, Lynx Gold Exploration Corp. (up to its dissolution on June 14, 2022). All intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated on consolidation.

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant assumptions about the future and other sources of estimation uncertainty in estimates made by management at the consolidated statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

(i) The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect fair value estimates and the Company's net loss and its equity reserves.

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

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

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

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

(c) Cash and Cash Equivalents

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

(d) Exploration and Evaluation Assets

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for exploration and evaluation assets represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of exploration and evaluation assets when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property exceeds the fair value of the property.

(e) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

2. Significant Accounting Policies (continued)

(f) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use
- goodwill acquired in a business combination

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable 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 Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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 the consolidated statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, 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.

(g) Foreign Currency Translation

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

(h) Reclamation and Remediation Provisions

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

2. Significant Accounting Policies (continued)

(h) Reclamation and Remediation Provisions (continued)

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

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

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

(i) Financial Instruments

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

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

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

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

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

Financial Assets

Financial assets at FVTPL

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

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

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Financial Assets (continued)

Financial assets at amortized cost

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

Subsequent to initial recognition, financial liabilities are measured at amortized cost unless designated as fair value through profit or loss.

Impairment of Financial Assets

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

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

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

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

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Financial Liabilities and Equity Instruments (continued)

Other financial liabilities

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

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

(j) Unit Financings

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on residual value basis, wherein the fair value of the common shares is based on the market value on the date of issuance and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds.

(k) Flow-through Shares

The Company from time to time issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors.

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being renounced and incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(l) Share-based Payments

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

2. Significant Accounting Policies (continued)

(l) Share-based Payments (continued)

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

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

(m) Income Taxes

Current income tax

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

Deferred income tax

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

(n) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current period's presentation.

(o) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations and comprehensive loss. As at September 30, 2023 and 2022, the Company had no items that represent comprehensive income or loss.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(p) Loss Per Share

Basic loss per share is computed using the weight average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at September 30, 2023, the Company has 20,437,651 (2022 – 18,581,984) potentially dilutive shares outstanding.

(q) Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Exploration and Evaluation Assets

Acquisition costs:

	Canoe Landing Lake West Project $	Canoe Landing Lake East Project $	Nine Mile Brook Project $	West Nine Mile Brook Project $	California Lake Project $	Wedge Project $	Total $
Balance, September 30, 2021	–	–	–	–	–	–	–
Additions	979,600	36,250	2,990,800	–	46,250	–	4,052,900
Balance, September 30, 2022	979,600	36,250	2,990,800	–	46,250	–	4,052,900
Additions	–	49,167	62,000	59,196	112,417	39,000	321,780
Balance, September 30, 2023	979,600	85,417	3,052,800	59,196	158,667	39,000	4,374,680

Mineral exploration costs:

Year ended September 30, 2023:

	Canoe Landing Lake West Project $	Canoe Landing Lake East Project $	Nine Mile Brook Project $	West Nine Mile Brook Project $	California Lake Project $	Wedge Project $	Total $
Assays	–	–	45,958	–	13,411	3,633	63,002
Drilling	–	–	729,505	–	130,496	–	860,001
Consulting fees	–	–	5,095	–	1,040	1,550	7,685
Camp supplies	–	2,283	44,230	–	30,538	4,449	81,500
Geological and geophysics	8,485	9,285	343,238	–	93,548	19,252	473,808
Staking fees	170	120	1,505	1,000	1,120	3,420	7,335
Rentals	–	200	40,150	–	16,645	3,912	60,907
Government assistance	–	–	–	–	(20,000)	–	(20,000)
	8,655	11,888	1,209,681	1,000	266,798	36,216	1,534,238

(Expressed in Canadian Dollars)

3. Exploration and Evaluation Assets (continued)

Year ended September 30, 2022:

	Canoe Landing Lake West Project $	Canoe Landing Lake East Project $	Nine Mile Brook Project $	California Lake Project $	Total $
Assays	–	–	21,571	–	21,571
Camp supplies	–	–	30,559	–	30,559
Drilling	–	–	125,911	–	125,911
Geological and geophysics	15,456	1,721	305,478	6,516	329,171
Rentals	–	–	21,435	–	21,435
Staking fees	–	–	3,670	–	3,670
	15,456	1,721	508,624	6,516	532,317

(a) On November 28, 2021, the Company entered into a mineral property purchase and sale agreement with Fiddlehead Mining Corp. (“Fiddlehead”) to acquire 100% of the rights, title, and interest in the Canoe Landing Lake West Project (the “Canoe Project”) and 50% of the rights, title, and interest in the Nine Mile Brook Project (the “Nine Mile Project”), each located in New Brunswick, Canada. Under the terms of the Agreement, the Company was required to pay $25,000 in cash (paid) and issue 21,000,000 common shares (issued – Note 6(p)).

In addition, under the terms of the agreement, the Company also acquired a mineral property option to acquire the remaining 50% of the rights, title, and interest in the Nine Mile Project and is required to make the following payments:

- $25,000 upon signing the agreement (“Option Fee”) (paid);
- $50,000 upon each anniversary of the agreement (“Annual Option Fee”); and
- An additional payment of $3,000,000 less the Option Fee and all Annual Option Fees paid.

The Company is also required to incur an aggregate of $1,000,000 of expenditures on the Nine Mile Project, including at least $500,000 of expenditures on or before 12 months following the effective date of the agreement and a minimum of $150,000 per year of expenditures after the first 12 months.

Fiddlehead retains a 3% Net Smelter Return Royalty (“NSR”) on the properties.

In connection with the agreement, the Company also issued 630,000 common shares with a fair value of $113,400 as a finder’s fee. The finder’s fee was considered a transaction-related cost, and the Company recognized the fair value of the 630,000 common shares as part of the acquisition costs of the exploration and evaluation assets.

(b) On March 1, 2022, the Company entered into a property purchase agreement with two individuals (the “Vendors”) to acquire 100% of the rights, title, and interest in 35 claim units around the Nine Mile Brook Project, located in New Brunswick, Canada. Under the terms of the Agreement, the Company is required to pay $15,000 in cash (paid) and issue 75,000 common shares (issued – Note 6(q)).

The vendors retain a 1% NSR on the property, which the Company has the right to purchase for $1,000,000 at any time prior to commencement of commercial production.

3. Exploration and Evaluation Assets (continued)

(c) On April 25, 2022, the Company entered into a mineral property option agreement to acquire 100% of the rights, title, and interest in 12 mineral claims: California Lake (6 claims), Canoe Landing Lake East (4 claims); and Nine Mile Brook area (2 claims) of the Bathurst Mining Camp, located in New Brunswick, Canada. To exercise its option to acquire the mineral claims, the Company must pay $100,000 and issue 1,500,000 common shares during a period of up to three years as follows:

- $20,000 and 500,000 common shares upon signing the agreement (paid and issued – Note 6(r));
- $20,000 and 333,334 common shares on or before April 25, 2023 (paid and issued – Note 6(h));
- $30,000 and 333,333 common shares on or before April 25, 2024; and
- $30,000 and 333,333 common shares on or before April 25, 2025.

The optionor retains a 2% NSR on the property. The Company has the right to purchase half of the NSR or $1,000,000 at any time.

(d) On January 11, 2023, the Company entered into a property purchase agreement to acquire 100% of the rights, title, and interest in the West Nine Mile Brook Project consisting of 29 claim units, located in New Brunswick, Canada. Under the terms of the agreement, the Company is required to issue 232,143 common shares (issued – Note 6(e)).

The vendor retains a 2% NSR on the property. The Company has the right to purchase half of the NSR for $500,000 at any time.

(e) On February 9, 2023, the Company entered into a mineral property option agreement to acquire 100% of the rights, title, and interest in the Wedge Project consisting of 114 claim units, located in New Brunswick, Canada. To exercise its option to acquire the mineral claims, the Company must pay $150,000 and issue 1,200,000 common shares during a period of up to four years as follows:

- $10,000 and 100,000 common shares upon signing the agreement (paid and issued – Note 6(f));
- $20,000 and 200,000 common shares on or before February 9, 2024;
- $30,000 and 200,000 common shares on or before February 9, 2025;
- $40,000 and 300,000 common shares on or before February 9. 2026; and
- $50,000 and 400,000 common shares on or before February 9. 2027.

The vendor retains a 2% NSR on the property. The Company has the right to purchase half of the NSR for $1,000,000 at any time.

(f) On August 31, 2023, the Company entered into an asset purchase agreement to acquire 100% of the rights, title, and interest in 49 claim units around the Nine Mile Brook Project and California Lake Project, located in New Brunswick, Canada. Under the terms of the Agreement, the Company is required to issue 300,000 common shares (issued – Note 6(m)).

The vendor retains a 2% NSR on the property. The Company has the right to purchase half of the NSR for $1,000,000 prior to commencement of commercial production.

3. Exploration and Evaluation Assets (continued)

(g) On September 14, 2023, the Company entered into an asset purchase agreement to acquire 100% of the rights, title, and interest in 23 claim units around the California Lake Project, located in New Brunswick, Canada. Under the terms of the agreement, the Company is required to issue 550,000 common shares (issued – Note 6(n)).

The vendor retains a 2% NSR on the property. The Company has the right to purchase half of the NSR for $1,000,000 prior to commencement of commercial production.

4. Related Party Transactions

(a) During the year ended September 30, 2023, the Company incurred management fees of $90,000 (2022 – $111,863) to the President and former Chief Executive Officer ("CEO") of the Company.

(b) During the year ended September 30, 2023, the Company incurred management fees of $102,000 (2022 – $17,000), consulting fees of $nil (2022 – $26,000), and mineral exploration costs of $16,500 (2022 – $1,600) to a company controlled by the CEO of the Company. As at September 30, 2023, the Company owed the CEO of the Company $1,332 (2022 – $nil) which is unsecured, non-interest bearing, and due on demand.

(c) During the year ended September 30, 2023, the Company incurred management fees of $12,000 (2022 – $10,500) to the Chief Financial Officer ("CFO") of the Company.

(d) During the year ended September 30, 2023, the Company incurred management fees of $16,000 (2022 – $4,000) to two directors of the Company. As at September 30, 2023, the Company owed the directors $4,000 (2022 – $4,000) which are unsecured, non-interest bearing, and due on demand.

(e) During the year ended September 30, 2023, the Company incurred mineral exploration costs of $100,000 (2022 – $47,200) to companies controlled by a director of the Company. As at September 30, 2023, the Company owed the director $3,762 (2022 – $nil) which is unsecured, non-interest bearing, and due on demand.

(f) During the year ended September 30, 2023, the Company incurred an aggregate of $9,100 (2022 – $65,865) in mineral exploration costs and $50,000 (2022 - $25,000) as mineral property option payments by a company controlled by directors of the Company.

(g) During the year ended September 30, 2023, the Company incurred consulting fees of $7,685 and mineral exploration costs of $91,760 (2022 – $17,720) to a company controlled by the sons of the CEO of the Company. As at September 30, 2023, the Company owed $4,226 (2022 – $nil) to a company controlled by the sons of the CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(h) During the year ended September 30, 2023, the Company incurred management fees of $nil (2022 – $2,317) to the son of the CFO of the Company and consulting fees of $84,000 (2022 – $79,000) to a company controlled by the son of the CFO of the Company. As at September 30, 2023, the Company owed $2,418 (2022 – $3,594 included in accounts payable) the son of the CFO of the Company which is unsecured, non-interest bearing, and due on demand.

(i) During the year ended September 30, 2023, the Company incurred rent of $10,500 (2022 – $40,500) to a company with common officers and directors.

5. Loan Payable

In February 2021, the Company opened a Canada Emergency Business Account ("CEBA") and received a loan of $60,000 funded by the Government of Canada, which was interest-free and due on or before December 31, 2023. The Company measured the loan at a fair value of $46,051. On September 23, 2022, the Company repaid the principal amount of $40,000 and recognized the forgiven portion of the loan of $20,000 as government assistance in the statement of operations. During the year ended September 30, 2022, the Company recognized accretion of the loan of $9,627, bringing the carrying value of the loan payable to $nil.

6. Share Capital

Authorized: Unlimited number of common shares without par value.

Share transactions during the year ended September 30, 2023:

(a) On November 7, 2022, the Company issued 70,680 common shares for proceeds of $33,220 pursuant to the exercise of finder's warrants. The fair value of the finder's warrants exercised of $15,946 was transferred from equity reserve to share capital upon exercise.

(b) On December 7, 2022, the Company issued 534,375 flow-through units at $0.32 per unit for proceeds of $171,000. Out of the 534,375 units issued, 300,000 units were subscribed by a related party with total proceeds of $96,000. Each unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.45 per common share expiring on December 7, 2024. In connection with the private placement, the Company incurred share issuance costs of $4,245. A value of $34,734 and $nil was attributed to the share purchase warrants and flow-though share premium liability, respectively, in connection with the financing.

(c) On December 12, 2022, the Company issued 1,875,000 flow-through units at $0.32 per unit for gross proceeds of $600,000. Each unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.45 per common share expiring on December 12, 2024. In connection with the private placement, the Company incurred finders' fees of $36,000, share issuance costs of $4,245, and issued 112,500 finders' warrants with a fair value of $18,303. Each finder's warrant is exercisable at $0.45 per common share expiring on December 12, 2024. A value of $75,000 and $nil was attributed to the share purchase warrants and flow-though share premium liability, respectively, in connection with the financing.

(d) On December 19, 2022, the Company issued 1,562,500 flow-through units at $0.32 per unit for gross proceeds of $500,000. Each unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.45 per common share expiring on December 19, 2024. In connection with the private placement, the Company incurred finders' fees of $35,000, share issuance costs of $4,246, and issued 109,375 finders' warrants with a fair value of $22,934. Each finder's warrant is exercisable at $0.45 per share expiring on December 19, 2024. A value of $nil was attributed to the share purchase warrants and flow-though share premium liability in connection with the financing.

(e) On February 7, 2023, the Company issued 232,143 common shares with a fair value of $59,196 pursuant to a property purchase agreement to acquire 100% of the rights, title, and interest in the West Nine Mile Brook Project (Note 3(d)).

(f) On February 16, 2023, the Company issued 100,000 common shares with a fair value of $29,000 pursuant to a mineral property option agreement to acquire 100% of the rights, title, and interest in the Wedge Project (Note 3(e)).

(g) On April 5, 2023, the Company issued 150,457 common shares with a fair value of $42,128 for pursuant to an agreement to settle debt of $35,884 and recognized a loss of $6,244.

6. Share Capital (continued)

(h) On April 25, 2023, the Company issued 333,334 common shares with a fair value of $88,334 pursuant to a mineral property option agreement to acquire mineral claims in the California Lake, Canoe Landing Lake East, and Nine Mile Brook areas (Note 3(c)).

(i) On May 3, 2023, the Company issued 149,330 common shares with a fair value of $41,066 to pursuant to an agreement to settle debt of $35,884 and recognized a loss of $5,182.

(j) On May 31, 2023, the Company issued 1,666,667 flow-through units at $0.15 per unit for gross proceeds of $250,000. Each unit consisted of one flow-through common share and one share purchase warrant. Each whole share purchase warrant is exercisable at $0.23 per common share expiring on May 31, 2025. In connection with the private placement, the Company incurred finders' fees of $17,500, share issuance costs of $5,656, and issued 116,667 finders' warrants with a fair value of $6,722. Each finder's warrant is exercisable at $0.23 per share expiring on May 31, 2025. A value of $83,333 and $nil was attributed to the share purchase warrants and flow-though share premium liability, respectively, in connection with the financing.

(k) On June 7, 2023, the Company issued 349,747 common shares with a fair value of $34,975 pursuant to an agreement to settle debt of $35,884 and recognized a gain of $909.

(l) On June 14, 2023, the Company issued 2,986,800 units at $0.10 per unit for gross proceeds of $298,680. Out of the 2,986,800 units issued, 340,000 units were subscribed by a related party with total proceeds of $34,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.15 per common share expiring on June 14, 2025. In connection with the private placement, the Company incurred share issuance costs of $5,656 and issued 42,000 finders' warrants with a fair value of $2,736. Each finder's warrant is exercisable at $0.15 per common share expiring on June 14, 2025. A value of $nil was attributed to the share purchase warrants in connection with the financing.

(m) On September 14, 2023, the Company issued 300,000 common shares with a fair value of $24,000 pursuant to an asset purchase agreement to acquire mineral claims around the Nine Mile Brook Project and California Lake Project (Note 3(f)).

(n) On September 26, 2023, the Company issued 550,000 common shares with a fair value of $41,250 pursuant to an asset purchase agreement to acquire mineral claims around the California Lake Project (Note 3(g)).

Share transactions during the year ended September 30, 2022:

(o) On December 20, 2021, the Company completed a 2-for-1 consolidation of its issued and outstanding common shares. All share and per share amounts have been retroactively restated for all periods presented.

(p) On January 21, 2022, the Company issued 21,000,000 common shares with a fair value of $3,780,000 pursuant to a mineral property purchase and sale agreement (Note 3(a)) to acquire 100% of the Canoe Landing Lake West Project and 50% of the Nine Mile Brook Project.

In connection with the agreement, the Company issued 630,000 common shares with a fair value of $113,400 as finders' fees.

(q) On March 4, 2022, the Company issued 75,000 common shares with a fair value of $12,000 pursuant to a property purchase agreement to acquire mineral property claim units around the Nine Mile Brook Project (Note 3(b)).

(r) On April 25, 2022, the Company issued 500,000 common shares with a fair value of $62,500 pursuant to a mineral property option agreement to acquire 100% of the rights, title, and interest in 12 mineral claims related to the California Lake Project, Canoe Landing Lake East Project, and Nine Mile Brook Project (Note 3(c)).

(Expressed in Canadian Dollars)

6. Share Capital (continued)

(s) On July 28, 2022, the Company issued 8,858,625 units for total proceeds of $1,682,153. The 8,858,625 units consisted of 876,000 flow-through units (“FT Unit”) at $0.28 per FT Unit and 7,982,625 non-flow-through units (“NFT Unit”) at $0.18 per NFT Unit. Each FT Unit consisted of one flow-through common share and one-half of one share purchase warrant, with each whole share purchase warrant exercisable at $0.38 per common share expiring on July 28, 2024. Each NFT Unit consisted of one common share and share purchase warrant with each share purchase warrant exercisable at $0.28 per common share expiring on July 28, 2024. In connection with the private placement, the Company incurred finders’ fees and other direct costs of $100,339, issued 54,080 purchase warrants with a fair value of $7,777, which are exercisable at $0.38 per common share expiring on July 28, 2024, and issued 386,400 share purchase warrants with fair value of $61,326, which are exercisable at $0.28 per common share expiring on July 28, 2024. On issuance, the Company recognized a flow-through premium of $21,900. A value of $nil was attributed to the share purchase warrants and flow-though share premium liability in connection with the financing.

7. Share Purchase Warrants

The following table summarizes the continuity of the Company’s share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, September 30, 2021	5,070,879	0.51
Issued	8,861,105	0.29
Balance, September 30, 2022	13,931,984	0.37
Issued	5,526,546	0.30
Exercised	(70,680)	0.47
Expired	(5,000,199)	0.51
Balance, September 30, 2023	14,387,651	0.29

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

Number of warrants outstanding	Exercise price $	Expiry date
492,080	0.38	July 28, 2024
8,369,025	0.28	July 28, 2024
267,187	0.45	December 7, 2024
1,050,000	0.45	December 12, 2024
890,625	0.45	December 19, 2024
1,783,334	0.23	May 31, 2025
1,535,400	0.15	June 14, 2025
14,387,651		

(Expressed in Canadian Dollars)

8. Stock Options

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

	Number of options	Weighted average exercise price $
Outstanding, September 30, 2021	800,000	0.50
Granted	4,000,000	0.20
Cancelled	(150,000)	0.50
Outstanding, September 30, 2022	4,650,000	0.25
Granted	1,700,000	0.12
Cancelled	(300,000)	0.25
Outstanding, September 30, 2023	6,050,000	0.21
Exercisable, September 30, 2023	6,050,000	0.21

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

	Outstanding			Exercisable	
Range of exercise prices $	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of stock options	Weighted average exercise price $
0.12	1,700,000	4.95	0.12	1,700,000	0.12
0.18	2,600,000	3.50	0.18	2,600,000	0.18
0.25	1,100,000	0.78	0.25	1,100,000	0.25
0.50	650,000	1.97	0.50	650,000	0.50
	6,050,000	3.25	0.21	6,050,000	0.21

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended September 30, 2023, the Company recognized share-based compensation expense of $144,340 (2022 – $514,256) in share-based payment reserve, of which $75,661 (2022 – $274,404) pertains to directors and officers of the Company. During the year ended September 30, 2023, the weighted average grant date fair value was $0.07 (2022 – $0.15) per option.

The weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no dividends or expected forfeitures, are as follows:

	2023	2022
Risk-free interest rate	3.84%	2.80%
Expected volatility	132%	118%
Expected life (years)	5.00	3.95

(Expressed in Canadian Dollars)

9. Fair Value Measurements and Risk Management

(a) Fair Values

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

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

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

(b) Credit Risk

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

(c) Foreign Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at September 30, 2023 and 2022, the Company is not exposed to significant foreign exchange rate risk.

(d) Interest Rate Risk

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

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

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

2023	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	154,739	154,739	–
Due to related parties	15,738	15,738	–
Total	170,477	170,477	–

(Expressed in Canadian Dollars)

9. Fair Value Measurements and Risk Management (continued)

(e) Liquidity Risk (continued)

2022	Total $	Within 1 year $	Within 2-5 years $
Accounts payable and accrued liabilities	18,004	18,004	–
Due to related parties	4,000	4,000	–
Total	22,004	22,004	–

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital Management

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the 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 may raise additional equity funds. The Company is not subject to externally imposed capital requirements.

11. Segmented Information

The Company operates in one industry, the mineral resource industry, with all current exploration activities conducted in Canada.

12. Income Taxes

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

	2023 $	2022 $
Statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(727,815)	(465,113)
Tax effect of:		
Permanent differences and other	352,959	114,667
True up of prior year differences	153,906	–
Change in unrecognized deferred income tax assets	220,950	350,446
Income tax provision	–	–

(Expressed in Canadian Dollars)

12. Income Taxes (continued)

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

	2023 $	2022 $
Deferred income tax assets:		
Non-capital losses carried forward	953,974	580,740
Resource pools	214,800	378,637
Share issuance costs	52,522	40,969
Unrecognized deferred income tax assets	(1,221,296)	(1,000,346)
Net deferred income tax asset	–	–

As at September 30, 2023, the Company has non-capital losses carried forward of $3,533,238, which are available to offset future years' taxable income. These losses expire as follows:

	$
2038	39,023
2039	205,679
2040	323,083
2041	1,151,214
2042	731,910
2043	1,082,329
	3,533,238

As at September 30, 2023, the Company has available mineral resource related expenditure pools totaling $5,170,235 which may be deducted against future taxable income on a discretionary basis.

13. Subsequent Events

(a) On October 3, 2023, the Company cancelled 500,000 stock options held by a consultant with an exercise price of $0.25 per share.

(b) On December 15, 2023, the Company issued convertible loans for proceeds of $201,000. The convertible loans bear interest at a rate of 15% per annum and is repayable on December 15, 2024 ("Maturity"). At the election of the lenders, the principal and interest amount of the note is convertible into units at $0.10 per unit at the Maturity date. Each unit will consist of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.10 per common share for a period of two years from the date of conversion. In connection with the private placement, the Company incurred issuance costs of $10,400 and issued 104,000 finders' warrants, which are exercisable at $0.10 per common share for a period of two years.

(c) On December 19, 2023, the Company issued 5,625,000 flow-through units at $0.20 per unit for gross proceeds of $1,125,000. Each unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at $0.23 per common share expiring on December 19, 2025. In connection with the private placement, the Company incurred finders' fees of $84,000 and issued 420,000 finders' warrants. Each finder's warrant is exercisable at $0.23 per common share expiring on December 19, 2025.