STRAIGHTUP
RESOURCES INC.

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

Expressed in Canadian Dollars

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Straightup Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Straightup Resources Inc. (the "Company") which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended December 31, 2022 and 2021, and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' Responsibilities for the Consolidated 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

April 28, 2023

STRAIGHTUP RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash		136,725	164,965
Sales taxes receivable		1,504	8,983
Prepaids		11,523	14,560
		149,752	188,508
Exploration and evaluation assets	5	654,517	1,587,666
		804,269	**1,776,174**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payables and accrued liabilities	6,9	953,929	457,751
Loan payable	7	30,440	-
		984,369	457,751
Shareholders' equity (deficiency)			
Share capital	8	6,314,527	5,324,251
Share subscriptions	8	150,000	-
Reserves	8	936,919	655,713
Deficit		(7,581,546)	(4,661,541)
		(180,100)	1,318,423
		804,269	**1,776,174**

Nature of business and continuing operations (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board on April 28, 2023

"Mark Brezer", Director *"Mathew Markin"*, Director

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

STRAIGHTUP RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	2022	Years Ended December 31, 2021
		$	**$**
OPERATING EXPENSES			
Consulting		-	68,845
Foreign exchange (gain) loss		3,668	(12,302)
Management fees and salaries	9	393,533	261,047
Marketing		200,546	637,211
Office and administrative		39,930	96,560
Professional fees		111,153	273,374
Share-based compensation	8,9	327,591	341,402
Transfer agent and filing fees		39,504	32,240
		(1,115,925)	(1,698,377)
OTHER ITEMS			
Write-off of exploration asset	5	(1,271,505)	(167,623)
Write-off of acquisition advances	4	(717,050)	(2,014,484)
Recovery of flow-through share premium	8	20,000	-
		(1,968,555)	(2,182,107)
Net loss and comprehensive loss for the year		**(3,084,480)**	**(3,880,484)**
Loss per share - basic and diluted		$ (0.06)	$ (0.12)
Weighted average number of common shares outstanding		52,590,907	33,513,550

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

STRAIGHTUP RESOURCES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

		Share capital					
	Note	Number of shares	Amount	Share subscriptions	Reserves	Deficit	Total
			$	$	$	$	$
Balance at December 31, 2020		24,839,748	1,960,615	-	304,970	(822,729)	1,442,856
Units issued for cash	8	14,624,667	2,390,000	-	69,800	-	2,459,800
Shares issued for exploration and evaluation assets	5	4,815,385	864,000	-	-	-	864,000
Shares issued for services		300,000	60,000	-	-	-	60,000
Shares issued on exercise of warrants	8	1,674,920	116,348	-	(1,656)	-	114,692
Shares issued on exercise of share options	8	500,000	91,458	-	(41,458)	-	50,000
Share issuance costs	8	-	(203,498)	-	69,655	-	(133,843)
Forfeited warrants		-	45,328	-	(45,328)	-	-
Forfeited share options		-	-	-	(41,672)	41,672	-
Share-based compensation		-	-	-	341,402	-	341,402
Net loss for the year		-	-	-	-	(3,880,484)	(3,880,484)
Balance at December 31, 2021		46,754,720	5,324,251	-	655,713	(4,661,541)	1,318,423
Units issued for cash	8	3,850,000	510,000	-	250,000	-	760,000
Shares issued for exploration and evaluation assets	5	1,600,000	152,000	-	-	-	152,000
Shares issued for services	9	900,000	110,000	-	-	-	110,000
Shares issued for debt settlements	6	41,341	4,961	-	-	-	4,961
Shares issued on exercise of warrants	8	248,400	32,965	-	(11,875)	-	21,090
Shares issued on exercise of share options	8	800,000	210,524	-	(98,524)	-	112,000
Share issuance costs	8	-	(41,787)	-	10,102	-	(31,685)
Share subscriptions received	15	-	-	150,000	-	-	150,000
Forfeited warrants		-	31,613	-	(31,613)	-	-
Forfeited share options		-	-	-	(164,475)	164,475	-
Share-based compensation		-	-	-	327,591	-	327,591
Flow-through share premium		-	(20,000)	-	-	-	(20,000)
Net loss for the year		-	-	-	-	(3,084,480)	(3,084,480)
Balance at December 31, 2022		**54,194,461**	**6,314,527**	**150,000**	**936,919**	**(7,581,546)**	**(180,100)**

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

STRAIGHTUP RESOURCES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		Years Ended December 31,
	2022	**2021**
	$	**$**
Cash flows used in operating activities		
Loss for the year	(3,084,480)	(3,880,484)
Items not affecting cash:		
Recovery of flow-through share premium	(20,000)	-
Share-based compensation	327,591	341,402
Shares issued for services	80,000	60,000
Write-off of exploration assets	1,271,505	167,623
Changes in non-cash working capital items:		
Sales taxes receivable	7,479	11,065
Prepaids	3,037	28,490
Accounts payables and accrued liabilities	399,672	340,098
	(1,015,196)	(2,931,806)
Cash flows used in investing activities		
Exploration and evaluation assets	(54,889)	(490,097)
	(54,889)	(490,097)
Cash flows provided by financing activities		
Advances from loan payable	30,440	-
Units issued for cash	760,000	2,459,800
Proceeds from exercise of share options	112,000	50,000
Proceeds from exercise of warrants	21,090	114,692
Share subscriptions received	150,000	-
Share issuance costs	(31,685)	(133,843)
	1,041,845	2,490,649
Change in cash during the year	(28,240)	(931,254)
Cash, beginning of year	164,965	1,096,219
Cash, end of year	**136,725**	**164,965**

Supplemental disclosures with respect to cash flows (Note 12)

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Straightup Resources Inc. ("the Company") was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company's corporate office is #207 - 5500 Warf Ave., Sechelt, British Columbia, Canada, V0N 3A0. The address of the Company's registered and records office is 3426 West 33rd Avenue, Vancouver, BC, V6N 2H2. The Company's common shares trade on the Canadian Securities Exchange under the symbol "ST". On October 25, 2021, the Company was commenced trading on the OTCQB Exchange in the USA under the symbol "STUPF".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2022, the Company had not yet determined whether the Company's mineral property assets contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended December 31, 2022, the Company incurred a loss of $3,084,480 and has a working capital deficiency of $834,617. The Company had an accumulated deficit of $7,581,546 as at December 31, 2022, which has been funded by the issuance of equity. 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 factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company 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 or maintaining continued support from its shareholders and creditors, identifying and commencing the operations of a suitable business and generating profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the Board of Directors of the Company and authorized for issuance on April 28, 2023.

Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company's functional currency is the Canadian dollar and the functional currency of 1318463 BC Ltd. and Golden Axe Metals Corp. is the Canadian dollar. The assets and liabilities of the subsidiaries are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income and expense items are translated at average exchange rates for the period. Exchange differences arising on the translation are recognized in other comprehensive income.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

		Percentage owned	
	Incorporation	December 31, 2022	December 31, 2021
1318463 BC Ltd. ("1318463 BC")	Canada	100%	100%
Company owned by 1318463 BC:			
Golden Axe Metals Corp. ("Golden Axe")	USA	100%	100%

On October 11, 2021, the Company acquired 100% of the outstanding common shares of 1318463 BC.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Share capital

Share capital issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve. The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company and its subsidiaries operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby 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 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 statement of financial position date. Deferred tax is not recognized for temporary differences which arise on 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.

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.

Financial instruments

Financial assets

On initial recognition, financial assets are classified as measured at (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); and (iii) fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company's sales tax receivable is classified at amortized cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method. The Company does not have any assets classified at FVOCI.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises. The Company's cash is classified at FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss 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.

For the years presented, the Company did not record an expected credit loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at FVTPL or amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Accounting standards and amendments issued but not yet adopted

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting 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:

Significant accounting estimates

a) the measurement of deferred income tax assets and liabilities; and

b) the inputs used in accounting for share-based payments.

Significant accounting judgments

a) the determination of categories of financial assets and financial liabilities;

b) the evaluation of the Company’s ability to continue as a going concern; and

c) the assessment of indications of impairment of the exploration and evaluation assets and related determination of the net realizable value and write-down of the exploration and evaluation assets where applicable.

4. ACQUISITION ADVANCES

As at December 31, 2022, the Company advanced $2,731,534 as a non-interest bearing advance to Premier Silver Corp (“PSC”), as furtherance of a potential acquisition of 100% of the outstanding shares of PSC. On August 12, 2021, the Company entered into an Exclusivity Agreement with PSC granting the Company a right of exclusivity until November 10, 2021 whereby if PSC receives a written offer from an arm’s length third party, the proposal must be first offered to the Company. On April 25, 2022, the Exclusivity Agreement was amended to extend the right of exclusivity to July 24, 2022. On July 24, 2022, the Exclusivity Agreement was terminated. During the year ended December 31, 2022, due to the economic uncertainty related to the advances the Company wrote-off advances of $717,050 on the consolidated statement of loss and comprehensive loss (2021 - $2,014,484).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Hi Mars Project	Belanger Project	Ferdinand Gold Project	Bear Head Gold Project	West Cat Mine Project	Ranger/ Otter Project	Total
	$	$	$	$	$	$	$
Balance, December 31, 2020	**167,624**	**221,500**	**-**	**-**	**-**	**-**	**389,124**
Property acquisition	-	55,000	106,500	89,500	730,000	-	981,000
Exploration costs							
Assay	-	170,138	111,946	-	-	-	282,084
Data and reporting	-	2,000	-	-	-	-	2,000
Equipment rental	-	4,000	4,000	-	-	-	8,000
Geological consulting	-	2,534	22,785	262	-	-	25,581
Labour	-	32,195	23,740	-	-	-	55,935
Staking	-	200	-	-	-	-	200
Supplies and other	-	6,000	2,172	-	-	-	8,172
Travel	-	-	3,194	-	-	-	3,194
Subtotal	-	272,067	274,337	89,762	730,000	-	1,366,166
Write-off of exploration asset	(167,624)	-	-	-	-	-	(167,624)
Balance, December 31, 2021	**-**	**493,567**	**274,337**	**89,762**	**730,000**	**-**	**1,587,666**
Property acquisition	-	130,000	76,000	-	-	40,000	246,000
Exploration costs							
Assay	-	489	2,964	-	-	-	3,453
Geological consulting	-	14,420	58,442	-	-	-	72,862
Labour	-	9,421	-	-	-	-	9,421
Supplies and other	-	6,620	-	-	-	-	6,620
Subtotal	-	160,950	137,406	-	-	40,000	338,356
Write-off of exploration asset	-	-	(411,743)	(89,762)	(730,000)	(40,000)	(1,271,505)
Balance, December 31, 2022	**-**	**654,517**	**-**	**-**	**-**	**-**	**654,517**

Hi Mars Project

Pursuant to an option agreement dated October 30, 2017, with Rich River Exploration and Craig A. Lynes, (collectively, the "Hi Mars Optionors"), the Company was granted an option to acquire a 100% undivided interest in two mineral claims located near Powel River area in the Vancouver Mining Division, British Columbia (the "Hi Mars Project") by issuing 600,000 common shares, making cash payments of $155,000 and incurring accumulated exploration and expenditures of $600,000 over a four years period.

During the year ended December 31, 2021, management decided not to proceed with the Hi Mars Project; as such, the option agreement was terminated and the project was written off.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Belanger Project

Pursuant to an option agreement dated June 1, 2020 with Bounty Gold Corp. (“Belanger Project Optionor”), the Company was granted an option to acquire a 100% undivided interest in certain unpatented mining claims comprising the RLX North, RLX South, and Belanger properties (collectively, the “Belanger Project”) located in the District of Red Lake, Ontario, Canada.

In accordance with the option agreement, the Company can acquire the 100% interest in the project by: (i) making cash payments in the aggregate amount of $150,000; and (ii) issuing common shares in the capital of the Company (the “Consideration Shares”) having an aggregate cash value of $300,000 to the Belanger Project Optionor as follows:

	Consideration Shares		Cash
	#	$	$
Upon execution of the option agreement on June 1, 2020 (issued and paid respectively)	300,000	30,000	25,000
On or before the 1st anniversary on June 1, 2021 (issued 115,385 and paid respectively)	-	30,000	25,000
On or before the 2nd anniversary on June 1, 2022 (issued 1,000,000 shares and paid respectively)	-	100,000	50,000
On or before the 3rd anniversary on June 1, 2023	-	140,000	50,000
	300,000	**300,000**	**150,000**

The Belanger Project Optionor retained a 3% net smelter returns royalty which the Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $2,000,000 at any time prior to the commencement of commercial production.

On October 22, 2020, the Company entered into an agreement to acquire a digital database of compilation and field exploration data for the Belanger Project (the “Digital Database Agreement”) for a consideration of $100,000 cash and 200,000 warrants as stated below:

	Cash	Number of Warrants
	$	#
Upon closing of the Digital Database Agreement on October 22, 2020 (paid and issued respectively)	50,000	100,000
Upon the earlier of (i) the commencement of a work program on either of the Property, or (ii) April 22, 2021 (paid and issued respectively)	50,000	100,000
	100,000	**200,000**

Under the Digital Database Agreement, each warrant is exercisable to purchase one common share of the Company for a period of three years from the date of issuance at an exercise price of $0.26 per share. The Company has capitalized the cash payments and the fair value of the warrants as an acquisition cost in a prior year.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Ferdinand Gold Project

Pursuant to an option agreement dated March 19, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the "Ferdinand Gold Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 17 unpatented mining claims comprising 354 cells and encompassing 6,600 hectares, which are situated near Red Lake, Ontario (the "Ferdinand Gold Property").

In accordance with the agreement, the Company can acquire the 100% interest in the Ferdinand Gold Project in consideration of the following cash payments and share issuances:

	Number of Common Shares	Cash
	#	$
Upon execution of the option agreement on March 19, 2021 (issued and paid respectively)	350,000	26,000
On or before the 1st anniversary on March 19, 2022 (issued and paid respectively)	400,000	32,000
On or before the 2nd anniversary on March 19, 2023	-	40,000
On or before the 3rd anniversary on March 19, 2024	-	50,000
	750,000	148,000

The Ferdinand Gold Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of $500,000.

Management decided not to proceed with the Ferdinand Gold Project and wrote off the carrying amount of $411,743 during the year ended December 31, 2022.

Bear Head Gold Project

Pursuant to an option agreement dated July 12, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the "Bear Head Gold Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 31 unpatented mining claims comprising 97 cells and encompassing 4,850 hectares, which are situated in the Meen Lake area of the Patricia Mining area of Ontario, Canada (the "Bear Head Gold Property"). To earn the 100% interest, the Company was required to issue 350,000 common shares and make payments of $96,000 over a three-year period. As at December, 31, 2022, the Company has issued 350,000 common shares and made $16,000 in cash payment to the Optionor.

Management decided not to proceed with the Bear Head Gold Project and wrote off the carrying amount of $89,762 during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

West Cat Mine Project

On October 11, 2021, the Company acquired 100% of the outstanding shares of 1318463 BC Ltd., pursuant to a Share Purchase Agreement dated September 23, 2021, which owns 100% of the outstanding shares of Golden Axe. Golden Axe owns a 100% interest in unpatented lode mining claims on federal land in the historic Beatty Mountain Nevada Mining District in Nye County, Nevada, located about 15 kilometers east of U.S. Route 95 and approximately 20 kilometers from Beatty, Nevada, at the base of the Bare Mountain Range.

In accordance with the agreement, the Company issued 4,000,000 common shares of the Company at a value of $680,000 (issued October 25, 2021), and is required to make a cash payment of $50,000. As at December 31, 2022, included in accounts payable and accrued liabilities was $50,000 (2021 - $50,000) due to 1318463 BC Ltd.

Management decided not to proceed with the West Cat Mine Project and wrote off the carrying amount of $730,000 during the year ended December 31, 2022.

Ranger/Otter Project

Pursuant to an option agreement dated January 20, 2022 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. (the "Ranger/Otter Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 3 unpatented mining claims comprising 61 cells and encompassing 3,050 hectares, which are situated in the Red Lake area of Ontario, Canada (the "Ranger/Otter Property").

In accordance with the agreement, the Company can acquire the 100% interest in the Ranger/Otter Project in consideration of the following cash payments and share issuances:

	Number of Common Shares	Cash
	#	$
Upon execution of the option agreement on January 27, 2022 (issued and paid respectively)	200,000	12,000
On or before the 1st anniversary on January 27, 2023	-	14,000
On or before the 2nd anniversary on January 27, 2024	-	18,000
On or before the 3rd anniversary on January 27, 2025	-	28,000
	200,000	72,000

The Ranger/Otter Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of $500,000.

Management decided not to proceed with the Ranger/Otter Project and wrote off the carrying amount of $40,000 during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	$	$
Accounts payable	601,949	201,753
Accrued liabilities	349,763	253,763
Payroll remittances payable	2,217	2,235
	953,929	457,751

On March 30, 2022, the Company issued 41,341 common shares valued at $4,961 to settle accounts payable of $4,961 owing to a director of the Company.

7. LOAN PAYABLE

In October 2022, the Company secured a Letter of Credit ("LOC") for $500,000 with Imarkin Investments PTY Limited, a company controlled by the Company's CFO. The LOC carries an interest rate of 10% per annum and matures October 20, 2023, unless extended by writing for an additional one year. The principal advances under the LOC is convertible, at the lender's option, into units of the Company at $0.05 with each unit consisting of one common share and one warrant exercisable at $0.05 per warrant for a period of five years. All accrued interest is payable in cash. As at December 31, 2022, the Company has drawn $30,440 from the LOC.

8. SHARE CAPITAL AND RESERVES

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Escrow shares

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. As at December 31, 2022, the Company held 1,087,500 (2021 – 3,262,500) common shares in escrow.

During the year ended December 31, 2022, the Company had the following share capital transactions:

a) On January 10, 2022, the Company commenced a non-brokered private placement whereby the Company seeks to raise $1,500,000 through the issuance of up to 7,500,000 units and/or flow-through common shares ("FTS") of the Company at $0.20 per unit or FTS ("January 2022 PP"). Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of $0.20 per common share for a period of two years from the date of closing. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.50 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder, reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice.
   - On January 17, 2022, the Company completed the first tranche by issuing 125,000 units for a gross proceeds of $25,000. In connection with the first tranche, the Company paid finders fees of $1,850 and issued 8,750 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $820 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.22%, an expected dividend rate of 0%, a price on grant date of $0.15, and an expected annual volatility of 138%. Additionally, the Company allocated $6,250 to reserves representing the value of the warrants issued.

8. SHARE CAPITAL AND RESERVES (continued)

Issued and outstanding common shares

- On January 24, 2022, the Company completed the second tranche by issuing 1,000,000 units and 150,000 FTS for a gross proceeds of $230,000. In connection with the second tranche, the Company paid finders fees of $5,135. Additionally, the Company allocated $60,000 to reserves representing the value of the warrants issued and $9,000 to flow-through shares premium representing the value of premium on the FTS.

- On January 27, 2022, the Company completed the third tranche by issuing 1,000,000 units and 100,000 FTS for a gross proceeds of $220,000. In connection with the third tranche, the Company paid finders fees of $14,100 and issued 70,000 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $5,984 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.27%, an expected dividend rate of 0%, a price on grant date of $0.14, and an expected annual volatility of 137%. Additionally, the Company allocated $60,000 to reserves representing the value of the warrants issued and $6,000 to flow-through shares premium representing the value of premium on the FTS.

- On February 28, 2022, the Company completed the fourth tranche by issuing 1,375,000 units for a gross proceeds of $275,000. In connection with the fourth tranche, the Company paid finders fees of $10,600 and issued 52,500 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of $0.20 per common share. The fair value of the finder warrants was calculated to be $3,298 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0%, a price on grant date of $0.11, and an expected annual volatility of 138%. Additionally, the Company allocated $123,750 to reserves representing the value of the warrants issued.

b) On February 22, 2022, the Company issued 200,000 common shares with a fair value of $30,000 to Wawel Capital Corp. for management services rendered during the year ended December 31, 2021, which was included in accounts payable, and 200,000 common shares with a fair value of $30,000 to Wawel Capital Corp.for management services included in management fees and salaries (Note 9).

c) On March 7, 2022, the Company issued 200,000 common shares pursuant to the Ranger/Otter Project agreement with a fair value of $28,000 (Note 5).

d) On March 17, 2022, the Company issued 400,000 common shares pursuant to the Ferdinand Gold Project agreement with a fair value of $44,000 (Note 5).

e) On March 30, 2022, the Company issued 41,341 common shares to settle accounts payable of $4,961 owing to a director of the Company.

f) On July 8, 2022, the Company issued 1,000,000 common shares pursuant to the Belanger Project agreement with a fair value of $80,000 (Note 5).

g) On July 8, 2022, the Company issued 500,000 common shares with a fair value of $50,000 to Wawel Capital Corp. for management services provided (Note 9).

h) On November 7, 2022, the Company closed a non-brokered private placement by issuing 100,000 FTS at $0.10 per share for gross proceeds of $10,000. Additionally, the Company allocated $5,000 to flow-through shares premium representing the value of premium on the FTS.

8. SHARE CAPITAL AND RESERVES (continued)

Issued and outstanding common shares (continued)

i) During the year ended December 31, 2022, the Company issued 248,400 common shares for gross proceeds of $21,090 pursuant to the exercise of 75,000 warrants with an exercise price of $0.05 per common share and 173,400 warrants with an exercise price of $0.10 per common share. As a result, the Company transferred $11,875 representing the fair value of the exercised share purchase warrants from reserves to share capital.

j) During the year ended December 31, 2022, the Company issued 800,000 common shares for gross proceeds of $112,000 pursuant to the exercise of share options with an exercise price of $0.14 per common share. As a result, the Company transferred $98,524 representing the fair value of the exercised share purchase warrants from reserves to share capital.

During the year ended December 31, 2021, the Company had the following share capital transactions:

a) On April 28, 2021, the Company issued 5,814,167 units at $0.12 per unit for gross cash proceeds of $697,700 ("April 2021 PP). Each unit consists of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of $0.20 per common share for a period of 12 months. In connection with the April 2021 PP, the Company paid finder fees of $22,290, issued 166,950 finders warrants with a fair value of $17,064, paid legal fees of $18,743, and paid filing fees of $3,600. The fair value of the finder warrants was calculated using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.15%, an expected dividend rate of 0%, a price on grant date of $0.18 and an expected annual volatility of 165%.

b) On May 17, 2021, the Company issued 350,000 common shares pursuant to the Ferdinand Gold Project agreements with a fair value of $80,500 (Note 5).

c) On May 28, 2021, the Company issued 115,385 common shares pursuant to the Belanger Project agreement with a fair value of $30,000 (Note 5).

d) On May 28, 2021, the Company issued 150,000 common shares with a fair value of $30,000 to a Wawel Capital Corp. for management services provided (Note 9).

e) On July 13, 2021, the Company issued 350,000 common shares pursuant to the Bear Head Gold Project agreements with a fair value of $73,500 (Note 5).

f) On August 26, 2021, the Company commenced a non-brokered private placement whereby the Company seeks to raise $2,000,000 through the issuance of up to 10,000,000 units of the Company at $0.20 per unit ("August 2021 PP)". Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of $0.30 per common share for a period of two years from the date of closing. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than $0.50 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder, reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice. In connection with the closing of the following tranches of the August 2021 PP, the Company paid finder fees of $85,170, issued a total of 423,850 finders' warrants with a fair value of $52,591, and paid filing fees of $4,040.

- On August 27, 2021, the Company completed the first tranche of the August 2021 PP by issuing 500,000 units for gross proceeds of $100,000. In connection with this first tranche, the Company issued 35,000 finders warrants with each finders warrant being exercisable for a period of 12 months from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $3,884 using the Black-Scholes option pricing model assuming an expected life of 12 months, a risk-free interest rate of 0.28%, an expected dividend rate of 0%, a price on grant date of $0.23, and an expected annual volatility of 149%.

8. SHARE CAPITAL AND RESERVES (continued)

Issued and outstanding common shares (continued)

- On September 3, 2021, the Company completed the second tranche of the August 2021 PP by issuing 1,005,500 units for gross proceeds of $201,100.

- On September 23, 2021, the Company completed the third tranche of the August 2021 PP by issuing 1,440,000 units for gross proceeds of $288,000. In connection with this third tranche, the Company issued 100,800 finders warrants with each finders warrant being exercisable for a period of two years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $14,152 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 0.50%, an expected dividend rate of 0%, a price on grant date of $0.22, and an expected annual volatility of 143%.

- On September 27, 2021, the Company completed the fourth tranche of the August 2021 PP by issuing 1,500,000 units for gross proceeds of $300,000. In connection with this fourth tranche, the Company issued 105,000 finders warrants with each finders warrant being exercisable for a period of two years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $13,885 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 0.50%, an expected dividend rate of 0%, a price on grant date of $0.21, and an expected annual volatility of 142%.

- On October 29, 2021, the Company completed the fifth tranche of the August 2021 PP by issuing 2,245,000 units for gross proceeds of $449,000. In connection with this fifth tranche, the Company issued 122,150 finder warrants with each finders warrant being exercisable for a period of 2 years from the date of issuance at a price of $0.30 per common share. The fair value of the finders warrants was calculated to be $15,118 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.08%, an expected dividend rate of 0%, a price on grant date of $0.20, and an expected annual volatility of 141%.

- On November 15, 2021, the Company completed the sixth tranche of the August 2021 PP by issuing 500,000 units for gross proceeds of $100,000. Additionally, the Company allocated $5,000 to reserves representing the value of the warrants issued.

- On December 10, 2021, the Company completed seventh tranche of the August 2021 PP by issuing 1,620,000 units for gross proceeds of $324,000. Additionally, the Company allocated $64,800 to reserves representing the value of the warrants issued. In connection with the seventh tranche, the Company issued 60,900 finder warrants with each finder warrant being exercisable for a period of 2 years from the date of issuance at a price of $0.30 per common share. The fair value of the finder warrants was calculated to be $5,552 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.01%, an expected dividend rate of 0%, a price on grant date of $0.16, and an expected annual volatility of 139%.

g) On October 1, 2021, the Company issued 150,000 common shares with a fair value of $30,000 to a Wawel Capital Corp. for management services provided (Note 8).

h) On October 15, 2021, the Company issued 4,000,000 common shares pursuant to the West Cat Mine Project with a fair value of $680,000 (Note 5).

i) During the year ended December 31, 2021, the Company issued 1,674,920 common shares for gross proceeds of $114,692 pursuant to the exercise of 1,500,000 warrants with an exercise price of $0.05 per common share, 26,920 warrants with an exercise price of $0.10 per common share, and 148,000 warrants with an exercise price of $0.25 per common share. As a result, the Company transferred $1,656 representing the fair value of the exercised share purchase warrants from reserves to share capital.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

Issued and outstanding common shares (continued)

j) During the year ended December 31, 2021, the Company issued 500,000 common shares for gross proceeds of $50,000 pursuant to the exercise of 500,000 share options with an exercise price of $0.10 per common share. As a result, the Company transferred $41,458 representing the fair value of the exercised share options from reserves to share capital.

Flow-through share premium

The following is a continuity schedule of the liability portion of the flow-through share issuances:

	$
Balance, December 31, 2020 and 2021	**-**
Additions from flow-through financing	20,000
Reduction from qualified expenditures incurred	(20,000)
Balance, December 31, 2022	**-**

Warrants

In April 2022, the Company extended the expiry date of 2,907,084 warrants by one year from April 29, 2022 to April 29, 2023.

During the year ended December 31, 2021, the Company issued the following warrants in addition to the warrant issuances described under *Issued and outstanding common shares* above:

- 100,000 warrants, in connection with the Digital Database Agreement (Note 5) with a fair value of $10,000 calculated and recorded at December 31, 2020 using the Black-Scholes option pricing model assuming an expected life of 36 months, a risk-free interest rate of 0.33%, an expected dividend rate of 0%, a price on grant date of $0.17 and an expected annual volatility of 115%.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, December 31, 2020	**14,288,372**	**0.16**
Issued	8,003,134	0.26
Exercised	(1,674,920)	0.07
Expired	(3,614,472)	0.27
Balance, December 31, 2021	**17,039,614**	**0.15**
Issued	1,881,250	0.20
Exercised	(248,400)	0.08
Expired	(395,030)	0.16
Balance, December 31, 2022	**18,277,434**	**0.16**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

Warrants (continued)

As at December 31, 2022, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price	Expiry date
	$	
2,907,084	0.20	April 29, 2023
250,000	0.30	August 27, 2023
7,425,000	0.05	August 31, 2023
502,750	0.30	September 3, 2023
1,070,000	0.05	September 21, 2023
820,800	0.30	September 24, 2023
855,000	0.30	September 27, 2023
1,244,650	0.30	October 29, 2023
250,000	0.30	November 15, 2023
100,000	0.26	November 26, 2023
495,900	0.30	December 3, 2023
375,000	0.30	December 9, 2023
71,250	0.20	January 17, 2024
500,000	0.20	January 24, 2024
570,000	0.20	January 27, 2024
740,000	0.20	February 28, 2024
100,000	0.26	May 17, 2024
18,277,434		

The weighted average remaining life of the outstanding warrants at December 31, 2022 was 0.70 years.

Share options

During the year ended December 31, 2022, the Company granted a total of 2,660,000 share options to certain directors and officers of the Company. The share options are exercisable at $0.14 per share, expire January 27, 2027, and vested immediately upon grant.

During the year ended December 31, 2021, the Company granted a total of 1,450,000 share options to certain directors, officers, and consultants of the Company. The share options are exercisable between $0.20 and $0.28 per share, expire between May 13, 2026 and June 15, 2026, and vested immediately upon grant.

The following weighted average assumptions were used for the Black-Scholes valuation of options issued:

	2022	**2021**
Exercise price	$0.14	$0.25
Share price	$0.14	$0.26
Risk-free interest rate	1.65%	0.88%
Expected life	5 years	5 years
Dividend rate	0.00%	0.00%
Annualized volatility	137%	153%

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

Share options

Share option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Share Price on Exercise
		$	$
Balance, December 31, 2020	**1,400,000**	**0.18**	**-**
Granted	1,450,000	0.25	-
Exercised	(500,000)	0.10	0.19
Forfeited	(300,000)	0.20	-
Balance, December 31, 2021	**2,050,000**	**0.25**	**-**
Granted	2,660,000	0.14	-
Exercised	(800,000)	0.14	0.12
Forfeited	(1,300,000)	0.15	-
Balance, December 31, 2022	**2,610,000**	**0.22**	**-**

As at December 31, 2022, the Company had the following outstanding share options:

Number of Share Options	Exercise Price	Expiry date
	$	
400,000	0.245	August 4, 2025
100,000	0.20	November 16, 2025
500,000	0.20	May 13, 2026
350,000	0.28	June 7, 2026
600,000	0.28	June 15, 2026
660,000	0.14	January 27, 2027
2,610,000		

The weighted average remaining life of the outstanding share options at December 31, 2022 was 3.44 years.

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

On April 21, 2021, the Company entered into a Financial Advisory Services Agreement ("FAS Agreement") with Wawel Capital Corp. ("Wawel Capital"), a consulting firm which the Company's former CFO serves as a director, to provide financial advisory services to the Company, effective March 1, 2021, in consideration of $240,000 per annum, payable quarterly with up to 50% of the quarterly payment eligible to be paid in common shares of the Company at a price per share equal to the discounted market price at the time of payment. Included in the agreement is a provision for a three-month payout in the event of a termination. On October 5, 2022, the CFO resigned and the agreement was terminated.

On May 15, 2021 and amended on June 3, 2021, the Company entered into an employment agreement with the CEO of the Company whereby the CEO will be paid an annual salary of $80,000. Included in the agreement is a provision for a three-month payout in the event of a termination without notice. The employment agreement was amended on December 16, 2021, whereby the CEO resigned and maintained the position of the President of the Company. On October 5, 2022, the former CEO was reappointed as the Company's CEO. On March 1, 2023, the Company entered into a new employment agreement with the CEO whereby the CEO will be paid an annual salary of $120,000. Additionally, the CEO will receive an annual bonus of $120,000, payable in cash or shares, on the first and second anniversaries of the agreement. Included in the new agreement is a provision for a three-month payout in the event of a termination without notice.

On March 1, 2023, the Company entered into a consulting agreement with the CFO of the Company whereby the CFO will be paid $10,000 per month until March 1, 2025, unless extended by mutual agreement. Additionally, the CFO will receive an annual bonus of $120,000, payable in cash or shares, on the first and second anniversaries of the agreement.

The Company incurred the following key management personnel costs from related parties:

	For the years ended December 31, 2022	2021
	$	$
Management fees and salaries	392,000	257,333
Professional fees	-	34,629
Share-based compensation	290,645	142,173
	682,645	434,135

During the year ended December 31, 2022, the Company issued 900,000 common shares to Wawel Capital valued at $110,000 (2021 – 300,000 shares valued at $60,000), pursuant to the FAS Agreement, of which $80,000 is included in management fees and salaries and $30,000 was used to settle accounts payable for services rendered during the year ended December 31, 2021.

As at December 31, 2022, the Company owed $302,450 (2021 - $60,000) to directors of the Company, companies controlled by directors of the Company, and the former CEO of the Company for expense reimbursements and unpaid management fees.

As at December 31, 2022, the Company owed $30,440 to a company controlled by the CFO for a loan payable (Note 7).

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company is not subject to any externally imposed capital restrictions.

The Company considers the aggregate of its share capital, share subscriptions received, reserves, and deficit as capital. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, sales taxes receivable, and accounts payable. The fair value of sales taxes receivable and accounts payables approximates their carrying values. Cash is measured at fair value using level 1 inputs.

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

a) Currency 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 corporate office is based in Canada and all of the Company's assets and expenses are denominated in Canadian dollars. The Company does not have any significant foreign currency denominated monetary liabilities.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash is held in a large Canadian financial institution. The Company maintains certain cash deposits, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses on its cash deposits and believes it is not exposed to any significant credit risk on these deposits. The Company's sales tax receivable is due from the Government of Canada; therefore, the credit risk exposure is low.

d) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at December 31, 2022, the Company had a cash balance of $136,725 to settle current liabilities of $984,369. Subsequent to December 31, 2022, the Company closed a non-brokered private placement raising gross proceeds of $470,000 (Note 15(a)).

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the year ended December 31, 2022	2021
	$	$
Supplemental non-cash disclosures		
Shares issued pursuant to acquisition of exploration and evaluation assets	152,000	184,000
Shares issued for debt settlement	4,961	-
Shares issued for services rendered in a previous year	30,000	-
Warrants issued for share issuance costs	10,102	48,985
Reallocation of value of warrants included in units issued	250,000	-
Reallocation of value of warrants upon exercise	11,875	1,656
Reallocation of value of options upon exercise	98,524	41,458
Reallocation of value of warrants on expiry	31,613	17,000
Reallocation of value of options on forfeiture	164,475	41,672
Reallocation of value of flow-through share premium	20,000	-
Exploration and evaluation assets in accounts payable	131,467	2,219

(Expressed in Canadian Dollars)

13. SEGMENT INFORMATION

As of December 31, 2022, the Company has one operating segment, being the exploration of resource properties. Geographic information is as follows:

	For the year ended December 31, 2022		
	Canada	**USA**	**Total**
	$	**$**	**$**
Exploration and evaluation assets	654,517	-	654,517

	For the year ended December 31, 2021		
	Canada	**USA**	**Total**
	$	**$**	**$**
Exploration and evaluation assets	857,666	730,000	1,587,666

14. INCOME TAXES

The Company has losses carried forward of approximately $2,900,000 available to reduce income taxes in future years which expire from 2038 to 2042.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2022	**2021**
	$	**$**
Loss for the year	(3,084,480)	(3,880,484)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rate	(833,000)	(1,048,000)
Tax effect of:		
Permanent differences and others	485,000	338,000
Change in unrecognized deferred income tax assets	348,000	710,000
Income tax recovery	-	-

(Expressed in Canadian Dollars)

14. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the unrecognized deferred income tax assets are presented below:

	2022	2021
	$	$
Non-capital loss carry forwards	783,000	567,000
Capital losses	369,000	272,000
Share issuance cost	55,000	69,000
Mineral properties	94,000	45,000
Unrecognized deferred tax assets	(1,301,000)	(953,000)
	-	-

15. SUBSEQUENT EVENTS

a) On January 27, 2023, the Company closed a brokered private placement by issuing 9,400,000 units at $0.05 per unit for gross cash proceeds of $470,000 ("January 2023 PP"). Each unit consists of one common share and one share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of $0.05 per common share for a period of two years. In connection with the January 2023 PP, the Company paid finder fees of $18,000 and issued 360,000 finder's shares and 360,000 finder's warrants with each finder's warrant having the same terms as the warrants issued under the January 2023 PP. As at December 31, 2022, the Company had received $150,000 in share subscriptions for the January 2023 PP.

b) On March 2, 2023, the Company entered into a Share Exchange Agreement to acquire 100% of the outstanding shares of 1379596 B.C. Ltd. ("1379596 BC") which owns 100% of the outstanding shares of Battery X Recycling Technologies Inc. ("Battery X"). 1379596 BC has the exclusive right to acquire a 100% interest in the Opatica Lithium Project located in the James Bay region of Quebec, Canada. Battery X is developing a technological method for battery metals refining, including the processing of black mass from spent lithium-ion batteries.

   In accordance with the agreement, the Company must issue 12,000,002 common shares of the Company upon closing of the agreement (issued on March 22, 2023) and will issue 19,999,998 common shares of the Company over four tranches: 4 months, 8 months, 12 months, and 16 months from the closing of the agreement.

   The option agreement relating to the Opatica Lithium Project, entered into on October 7, 2022 by 1379596 BC, requires the Company to complete the following remaining considerations to acquire the 100% interest to the property:

   - pay $50,000 on or before October 7, 2023;
   - issue $250,000 in common shares on or before April 7, 2024;
   - incur a further $500,000 in exploration expenditures on the property before October 7, 2023; and
   - incur a further $500,000 in exploration expenditures on the property before October 7, 2024.

   The Opatica Lithium Project Optionor retained a 2.0% net smelter return royalty of which the Company has the right to repurchase 1.0% at any time by way of a one-time payment of $1,000,000.

c) Subsequent to December 31, 2022, 1,000,000 stock options with exercise prices between $0.14 and $0.28 were cancelled.