Condensed Interim Financial Statements

For the six months ended March 31, 2023

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Core Assets Corp. for the six months ended March 31, 2023, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Core Assets Corp.

Condensed Interim Statements of Financial Position
As expressed in Canadian dollars
(Unaudited – prepared by management)

		March 31, 2023		September 30, 2022
Assets				
Current				
Cash	**$**	**2,897,948**	$	1,140,779
Sales taxes and other receivables		**30,198**		150,633
Prepaid expenses		**243,300**		42,170
		3,171,446		1,333,582
Promissory notes (Note 9)		**38,717**		38,717
Exploration and evaluation assets (Note 6 and Note 9)		**6,309,771**		5,692,258
Reclamation bonds (Note 5)		**37,200**		37,200
	$	**9,557,134**	$	7,101,757
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**118,938**	$	256,653
Due to related parties (Note 9)		**43,571**		82,682
Liability for flow-through shares (Note 11)		**1,331,741**		-
		1,494,250		339,335
Shareholders' Equity				
Share capital (Note 7)		**10,257,024**		8,599,209
Reserves (Note 8)		**1,806,929**		1,633,447
Deficit		**(4,001,069)**		(3,470,234)
		8,062,884		6,762,422
	$	**9,557,134**	$	7,101,757

Approved and authorized by the Board of Directors on May 18, 2023:

"Nicholas Rodway"	*"David Hodge"*
Director	Director

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

Core Assets Corp.

Condensed Interim Statements of Operations and Comprehensive Loss
For the three and six months ended March 31,
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2023	2022	**2023**	2022
Expenses				
Administration fees (Note 9)	$ **37,500**	$ 37,500	$ **75,000**	$ 75,000
Advertising and travel expenses	**86,239**	66,671	**159,590**	106,044
Consulting fees and salaries (Note 9)	**49,320**	34,785	**122,661**	78,958
Interest income	**(9,865)**	(2,236)	**(13,658)**	(3,177)
Legal fees	**12,344**	13,402	**15,253**	21,132
Transfer agent and filing fees	**18,329**	17,762	**26,219**	25,928
Share-based payments (Note 8)	**203,223**	481,666	**203,223**	481,666
Office and miscellaneous	**7,149**	3,096	**11,763**	6,557
Loss before other items	**404,239**	652,646	**600,051**	792,108
Flow-through premium recovery (Note 11)	**69,216**	-	**69,216**	-
Net Loss and Comprehensive Loss for the Period	**335,023**	652,646	**530,835**	792,108
Basic and Diluted Loss Per Share	$ **0.00**	$ 0.01	$ **0.01**	$ 0.01
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**81,053,546**	67,879,781	**79,128,058**	62,980,595

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

Core Assets Corp.
Condensed Interim Statements of Changes in Equity
For the six months ended March 31,
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares		Share Capital		Reserves		Shares Subscribed		Deficit		Total
Balance, September 30, 2021	**57,867,479**	**$**	**3,834,809**	**$**	**318,831**	**$**	**31,500**	**$**	**(1,247,903)**	**$**	**2,937,237**
Shares issued (Note 7)	6,657,752		1,597,860		-		-		-		1,597,860
Share issuance costs	-		(30,929)		-		-		-		(30,929)
Options exercised (Note 7)	1,300,000		232,011		(91,011)						141,000
Warrants exercised (Note 7)	8,287,292		1,243,094		-		(31,500)		-		1,211,594
Share-based payments (Note 8)	-		-		481,666		-		-		481,666
Net loss for the period	-		-		-		-		(792,108)		(792,108)
Balance, March 31, 2022	**74,112,523**	**$**	**6,876,845**	**$**	**709,486**	**$**	**-**	**$**	**(2,040,011)**	**$**	**5,546,320**

	Number of Shares		Share Capital		Reserves		Shares Subscribed		Deficit		Total
Balance, September 30, 2022	**77,074,646**	**$**	**8,599,209**	**$**	**1,633,447**	**$**	**-**	**$**	**(3,470,234)**	**$**	**6,762,422**
Options exercised (Note 7)	710,000		112,577		(41,577)		-		-		71,000
Flow-through shares issued (Note 7)	7,004,786		1,611,101		-		-		-		1,611,101
Share issuance costs	-		(65,863)		11,836		-		-		(54,027)
Share-based payments (Note 8)	-		-		203,223		-		-		203,223
Net loss for the period	-		-		-		-		(530,835)		(530,835)
Balance, March 31, 2023	**84,789,432**	**$**	**10,257,024**	**$**	**1,806,929**	**$**	**-**	**$**	**(4,001,069)**	**$**	**8,062,884**

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

Core Assets Corp.

Condensed Interim Statements of Cash Flows
For the six months ended March 31,
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2023		2022
CASH FLOWS (USED IN) OPERATING ACTIVITIES:				
Net loss for the period	**$**	**(530,835)**	$	(792,108)
Add (deduct) items not affecting cash:				
Share-based compensation		**203,223**		481,666
Flow-through premium recovery		**(69,216)**		-
Changes in non-cash working capital items related to operations:				
Prepaid expenses		**(201,130)**		(142,447)
Promissory notes		**-**		43,253
Sales taxes and other receivables		**120,435**		7,017
Accounts payable and accrued liabilities		**77,660**		(53,601)
Net cash flows (used in) operating activities		**(399,863)**		(456,220)
CASH FLOWS (USED IN) INVESTING ACTIVITIES:				
Mining tax credit		**-**		3,378
Exploration and evaluation costs		**(871,999)**		(134,126)
Net cash flows (used in) investing activities		**(871,999)**		(130,748)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Issue of common shares		**3,012,058**		1,597,860
Exercise of stock options		**71,000**		141,000
Exercise of warrants		**-**		1,243,094
Share issuance costs		**(54,027)**		(62,429)
Net cash flows from financing activities		**3,029,031**		2,919,525
Increase (decrease) in cash		**1,757,169**		2,332,557
Cash, beginning of period		**1,140,779**		1,528,966
Cash, end of period	**$**	**2,897,948**	$	3,861,523

See also note 12.

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Core Assets Corp. (“Core” or the “Company”) was incorporated on April 20, 2016, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties. The Company is in the exploration stage and has interests in properties located in British Columbia (“BC”), Canada. The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

On July 8, 2020, the Company received a final receipt from the British Columbia Securities Commission for its Long Form Prospectus dated July 7, 2020. On July 27, 2020, the Company’s shares were listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “CC”. The Company’s shares also trade on the OTCQB under the symbol “CCOOF” and on the Frankfurt Stock Exchange under the symbol “A2QCCU”.

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on May 18, 2023.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of $3,008,937 at March 31, 2023 (September 30, 2022: $994,247), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

2. BASIS OF PRESENTATION - continued

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

The preparation of these financial statements requires management to make judgments, estimates 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. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income; and
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods.

Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs: Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.
- Provisions for reclamation: Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.
- Going concern: The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim consolidated financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended September 30, 2022. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2022.

Certain new standards, interpretations and amendments to existing standards issued by the IASB or IFRIC may have become mandatory or have been issued subsequent to the year ended September 30, 2022. However, none have been identified as applicable or are consequential to the Company.

5. RECLAMATION BOND

At March 31, 2023, the Company has a reclamation security deposit of $37,200 (September 30, 2022: $37,200) with the Ministry of Energy, Mines and Low Carbon Innovation for the proposed exploration program on the Blue Property.

6. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's property interests and related spending commitments:

Blue Property

On December 10, 2018, the Company signed an agreement with Zimtu Capital Corp. ("Zimtu"), a related party (see Note 9), whereby the Company can earn a 100% interest in and to the Blue Property, in British Columbia. For its participation in the transaction, the Company paid $100,000 and issued 3,000,000 common shares of the Company in staged payments (1,000,000 shares with a fair value of $50,000 issued during the year ended September 30, 2019 and 2,000,000 with a fair value of $225,000 were issued during the year ended September 30, 2021). Zimtu will retain a 2% Net Smelter Return (NSR) royalty. The Company has the right to buy back 1% of the NSR within 5 years of the agreement by paying $1,000,000. The original agreement was amended June 10, 2021 to change the date of the final payment from December 10, 2020 to June 15, 2021. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements.

In August 2020, the Company acquired 8 additional claims in and around the Company's Blue and Silver Lime properties from Zimtu. The cost to acquire the claims amounted to the cost of staking paid by Zimtu ($23,025). Zimtu will retain a 2% NSR royalty, of which the Company shall have the right to buy back 1% within 5 years of the agreement by paying $1,000,000. The addition of these claims expanded and consolidated the Blue Property and the Silver Lime Property into one contiguous property that will continue to be called the Blue Property. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements. In June 2021, the Company acquired 6 additional claims in and around the Company's Blue and Silver Lime properties from Zimtu. The cost to acquire the claims amounted to the cost of staking paid by Zimtu of $26,095 plus 20% interest for a total of $31,314.

During the year ended September 30, 2021, the Company staked an additional 82,257 ha of land, increasing its land package to approximately 108,337 ha. The cost of the staking was $140,950.

On April 6, 2022, the Company acquired a 100% interest in two mineral tenures, consisting of approximately 3,311 Ha, known as the Atlin Lake Claims, at a cost of $10,000 (paid) from an individual. The two tenures cover the western side of the Willison glacier.

Expressed in Canadian dollars

6. EXPLORATION AND EVALUATION ASSETS - continued

Silver Lime Property

On August 1, 2019, the Company signed an agreement with Zimtu Capital Corp. ("Zimtu"), a related party (see Note 9), whereby the Company can earn a 100% interest in and to the Silver Lime Property, in British Columbia by issuing 1,000,000 common shares (issued) of the Company. Subsequent to the purchase, the Company acquired additional claims that combine the Blue Property and the Silver Lime Property into one contiguous property and the Silver Lime Property is now considered part of the Company's Blue Property. Zimtu will retain a 2% Net Smelter Return (NSR) royalty. The Company has the right to buy back 1% of the NSR within 5 years of the agreement by paying $1,000,000. On January 7, 2022, the Company and Zimtu signed an agreement to remove the 2% NSR royalty from the original and amended agreements.

The following are the expenditures on the Blue Property for the six months ended March 31, 2023 and the year ended September 30, 2022:

		March 31, 2023		September 30, 2022
Opening balance	$	5,692,258	$	1,307,716
Acquisition costs – cash and staking		-		10,208
Assays		290,925		128,117
Camp and accommodations		89,649		273,233
Drilling		-		1,301,742
Field supplies and fuel		18,132		444,893
Geological expenses and geophysical survey		207,988		756,744
Reports and other		6,144		3,000
Travel and transport		4,675		1,469,983
Mining tax credit		-		(3,378)
Ending balance		6,309,771	$	5,692,258

7. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued and outstanding: The total issued and outstanding shares of the Company total 84,789,432 as at March 31, 2023 (September 30, 2022: 77,074,646).

During the six months ended March 31, 2023:

i. On December 9, 2022, 710,000 stock options priced at $0.10 were exercised for gross proceeds of $71,000. Of the total, 600,000 stock options were exercised by directors and officers of the Company.

7. SHARE CAPITAL - continued

During the six months ended March 31, 2023: - continued

ii. On February 17, 2023, the Company completed its private placement offering of charity flow-through units (the "Offering") by issuing 7,004,786 Charity Flow-Through Units (each, a "Unit") at a price of $0.43 per Unit for gross proceeds of $3,012,058. Each Unit is comprised of one common share of the Company to be issued as a "flow- through share" within the meaning of the Income Tax Act (Canada) (each, a "FT Share") and one half of one common share purchase warrant (each whole such warrant, a "Warrant") issued on a non-flow through basis. Each Warrant is exercisable into one common share of the Company (each, a "Warrant Share") at a price of $0.47 at any time on or before February 17, 2025, at an exercise price of $0.47 per Warrant Share. In connection with the offering, the Company paid cash finders' fees to several eligible persons ("Finders") in the total amount of $36,229. In addition, the Company issued 96,264 finders' warrants with the same terms as the Warrants.

During the year ended September 30, 2022:

i. On January 21, 2022, the Company completed a non-brokered private placement (the "Offering") of 6,657,752 units (each, a "Unit") at a price of $0.24 per Unit for gross proceeds of $1,597,860. Each Unit is comprised of one common share (each, a "Share") in the capital of the Company and one whole transferable Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to purchase one additional Share (each, a "Warrant Share") for a period of two years from the closing date (the "Closing Date") at an exercise price of $0.39 per Warrant Share. In connection with the Offering, Crescat Capital LLC ("Crescat Capital") made a strategic investment in the Company of $1,275,000 (the "Crescat Capital Investment"). Following the completion of the Crescat Capital Investment, Crescat Capital has an option to participate in future financings of the Company to maintain its interest in the Company for so long as it holds greater than 3% of the issued and outstanding Common Shares. All securities issued in connection with the Offering are subject to a four month hold as required under applicable securities laws and, in addition, are subject to an 18 month hold from the Closing Date split up into 3 releases of one third (1/3) of the securities issued under the Offering every six months from the Closing Date. Cash finder's fees of $4,101 were paid to eligible finders in connection with the Offering.

ii. On August 25, 2022, the Company completed a non-brokered private placement offering (the "Offering") of 2,722,123 units (each, a "Unit") at a price of $0.61 per Unit for gross proceeds of $1,660,495. Each Unit is comprised of one common share (each, a "Share") in the capital of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one additional Share (a "Warrant Share") for a period of two years from the closing date of the Offering at a price of $0.85 per Warrant Share. All securities issued in connection with the Offering will be subject to a hold period of four months and one day from the date of issuance as required under applicable securities laws. The Company did not pay any finder's fees in connection with the Offering.

iii. During the year ended September 30, 2022, 8,287,292 share purchase warrants priced at $0.15 and 150,000 share purchase warrants priced at $0.25 were exercised for gross proceeds of $1,280,594.

iv. During the year ended September 30, 2022, 1,065,000 stock options priced at $0.10 and 325,000 stock options priced at $0.14 were exercised for gross proceeds of $152,000.

Expressed in Canadian dollars

7. SHARE CAPITAL - continued

c) Share purchase warrants / finder's warrants:

The following is a summary of warrant transactions for the six months ended March 31, 2023 and the year ended September 30, 2022:

	March 31, 2023			September 30, 2022		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	15,266,480	$	0.36	15,684,959	$	0.19
Granted	3,598,657		0.47	8,018,813		0.47
Expired	(1,741,667)		0.25	-		-
Exercised	-		-	(8,437,292)		0.15
Balance, end of period	17,123,470	$	0.40	15,266,480	$	0.36

The following warrants were outstanding and exercisable as at March 31, 2023:

Expiry Date	Exercise Price	Number of Warrants	Contractual Life (Years)
August 25, 2023	$0.25	5,506,000	0.40
January 21, 2024	$0.39	6,657,752	0.81
August 25, 2024	$0.85	1,361,061	1.41
February 15, 2025	$0.47	3,598,657	1.89
Total outstanding and exercisable		17,123,470	0.95

8. SHARE-BASED PAYMENTS

The Company has a stock option plan for officers, directors, employees and consultants. Options are granted with an exercise price determined by the Board of Directors, which may not be less than 25% of the Company's stock price on the date of the grant. Options granted to directors, employees and consultants other than consultants engaged in investor relations activities will vest immediately. However, for options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

Expressed in Canadian dollars

8. SHARE-BASED PAYMENTS - continued

The following is a summary of option transactions under the Company's stock option plan for the six months ended March 31, 2023 and the year ended September 30, 2022:

	March 31, 2023			September 30, 2022		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of period	6,320,000	$	0.12	3,635,000	$	0.12
Exercised	(710,000)		0.10	(1,390,000)		0.11
Expired	(60,000)		0.10	-		-
Cancelled	(37,500)		0.50	(425,000)		0.41
Granted	-		-	4,500,000		0.50
Balance, end of period	5,512,500	$	0.41	6,320,000	$	0.37

The following stock options were outstanding and exercisable as at March 31, 2023:

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
June 11, 2023	$0.14	1,375,000	0.20
March 3, 2026	$0.50	4,137,500	2.93
Total outstanding		5,512,500	2.25
Total exercisable		4,387,500	2.07

On March 3, 2022, the Company granted stock options to certain directors, officers, employees and consultants of the Company for the purchase of up to 4,500,000 common shares of the Company pursuant to its Stock Option Plan. Each option is exercisable for a period of 4 years at a price of $0.50 per common share, vesting over two years in increments of 25% every 6 months.

During the six months ended March 31, 2023, $203,223 (March 31, 2022 - $481,666) was charged to share-based payments. The following assumptions were used for the Black-Scholes pricing model calculations:

	March 3, 2022
Risk-free interest rate	1.52%
Expected stock price volatility	144.6%
Expected option life in years	4 years
Dividend rate	Nil

Expressed in Canadian dollars

9. RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2023 and 2022, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Six months ended March 31,	
Key management compensation*	**2023**	**2022**
Exploration and evaluation asset expenditures	$ 83,000	$ 35,650
Wages to key management	102,000	86,020
Share-based payments	133,224	315,759
Administrative fees	75,000	75,000
Advertising	27,000	75,000
Total	$ 420,224	$ 587,429

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

On June 11, 2021, the Company granted 1,920,000 bonus shares to two directors. Per Canada Revenue Agency requirements, all payroll taxes for the bonus shares were due on July 15, 2021. The Company paid the payroll taxes of $81,970 due by the directors and issued promissory notes for reimbursement of these taxes. During the six months ended March 31, 2023, $nil (September 30, 2022 - $43,253) was repaid to the Company.

As at March 31, 2023, there was $43,571 (September 30, 2022: $82,682) due to related parties of the Company.

Zimtu Capital Corp. ("Zimtu") is a company with common directors and management. Zimtu provides key management services and investor relations services to the Company and at March 31, 2023 holds 10.06% (September 30, 2022 – 11.1%) of the Company's shares. On August 1, 2020, the Company entered into a twelve-month Management Services Agreement ("Agreement") with Zimtu. Under the terms of the Agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, at a rate of $12,500 per month. On August 1, 2021 and August 1, 2022, the Agreement was renewed for an additional twelve months. See also Note 7.

On October 1, 2021, the Company engaged Zimtu Capital Corp. to provide marketing services as part of a cooperative marketing program. In consideration, the Company made monthly payments of $12,500. On January 1, 2023, the Company entered into a new agreement with Zimtu to provide marketing services for a 12-month period at a rate of $9,000 + GST per month.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

10. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is subject to credit risk for a maximum of the amounts shown on the statements of financial position.

At March 31, 2023, the Company held cash of $2,897,948 (September 30, 2022: $1,140,779) with Canadian chartered banks.

b) Liquidity Risk
Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at March 31, 2023, the Company has total current liabilities of $1,494,250 (September 30, 2022: $339,335). Management intends to meet these obligations by raising funds through future financings.

c) Market Risk
Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) *Currency Risk*
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) *Commodity Price Risk*
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) *Interest Rate Risk*
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

10. FINANCIAL INSTRUMENTS – continued

d) Fair Value

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.

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at March 31, 2023, the Company's shareholders' equity was $8,062,884 (September 30, 2022: $6,762,422). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

11. LIABILITY AND INCOME TAX EFFECT ON FLOW-THOUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On August 25, 2021, the Company issued 4,465,000 common shares on a "flow-through" basis at a price of $0.08 per Share for gross proceeds of $357,200. No flow-through share liability was recognized. At September 30, 2022, the Company has incurred $357,200 in qualified expenditures.

On February 17, 2023, the Company issued 7,004,786 common shares on a "flow-through" basis at a price of $0.43 per Share for gross proceeds of $3,012,058. A flow-through share liability of $1,400,957 was recognized at the date of issuance based on the premium value of the flow-through share at the time of issuance. At March 31, 2023, the Company has incurred $148,815 in qualified expenditures

12. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash transactions during six months ended March 31, 2023 were:

a) At March 31, 2023, included in accounts payable and accrued liabilities and due to related parties was $58,613 (September 30, 2022: $313,099) of exploration and evaluation asset costs.