HEADWATER GOLD INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 28, 2023 AND 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Headwater Gold Inc.

Opinion

We have audited the consolidated financial statements of Headwater Gold Inc. and its subsidiary (the "Company") which comprise the consolidated statements of financial position as at February 28, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then 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 Audits of the Financial Statements section* of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 February 28, 2023. 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 other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audits or otherwise 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 Financial Statements, including the disclosures, and whether the 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

The engagement partner on the audits resulting in this independent auditors' report is Joseph Bonvillain.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
June 26, 2023

HEADWATER GOLD INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	February 28, 2023 $	February 28, 2022 $
Assets			
Current assets			
Cash		1,247,813	1,276,891
Restricted cash		20,005	5,030
Short-term investments	4	3,101,304	777,291
Amounts and other receivable	13	46,171	35,619
Prepaid expenses and deposits		138,869	45,897
		4,554,162	2,140,728
Non-current assets			
Right-of-use assets	8	320,873	94,783
Deposits	5	166,080	133,329
Property and equipment	6	75,172	46,030
Exploration and evaluation assets	7	3,656,154	3,361,924
Total assets		8,772,441	5,776,794
Liabilities			
Current liabilities			
Trade and other payables	7,13	296,471	159,291
Current portion of lease liabilities	8	142,346	77,932
		438,817	237,223
Non-current liabilities			
Lease liabilities	8	193,332	32,468
Other liabilities	7,9	183,011	-
Total liabilities		815,160	269,691
Equity			
Share capital	10	10,645,071	7,183,585
Reserves	10	838,574	717,347
Accumulated other comprehensive loss		(195,991)	(97,035)
Accumulated deficit		(3,330,373)	(2,296,794)
		7,957,281	5,507,103
Total liabilities and equity		8,772,441	5,776,794

Nature of operations and going concern (Note 1)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 26, 2023 and are signed on its behalf by:

/s/"Alistair Waddell" Director */s/"Caleb Stroup"* Director

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

HEADWATER GOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year ended February 28, 2023 $	Year ended February 28, 2022 $
Expenses			
Accounting and audit		88,661	92,941
Accretion of lease liability	8	18,997	11,287
Consulting		66,189	96,740
Depreciation	6, 8	132,743	67,461
Filing fees		37,131	56,234
General exploration		106,692	97,919
Investor communication		207,472	160,309
Legal		32,583	53,261
Management		257,142	205,123
Office		164,858	90,441
Salaries and benefits		140,321	119,993
Share-based payments		60,901	318,655
Travel		43,848	8,567
Total expenses		(1,357,538)	(1,378,931)
Other income (expenses)			
Management fee income		479,665	-
Rental income		124,553	-
Finance and interest income		18,536	7,969
Finance expense		-	(6,666)
Foreign exchange gain		422,763	112,148
Impairment of exploration and evaluation assets	7	(29,954)	(492,404)
Loss on sale of investments		-	(8,408)
Unrealized loss on investments	4	(691,155)	(1,502,066)
Loss on disposal of equipment		(449)	-
Total other income (expenses)		323,959	(1,889,427)
Loss before tax		(1,033,579)	(3,268,358)
Current Income tax expense	12	-	(769)
Deferred income tax recovery	12	-	205,752
Net loss		(1,033,579)	(3,063,375)
Other comprehensive loss			
Items that may be reclassified to comprehensive loss:			
Cumulative translation adjustment		(98,956)	(28,792)
Comprehensive loss		(1,132,535)	(3,092,167)
Loss per common share, basic and diluted		(0.02)	(0.07)
Weighted average number of common shares outstanding, basic and diluted		52,538,250	46,540,937

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

HEADWATER GOLD INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Subscription Receipts and Share Subscriptions $	Reserves $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $	Total $
Balance, February 28, 2021	37,938,506	3,296,978	4,070,224	323,079	(68,243)	766,581	8,388,619
Shares issued for private placement	11,629,212	4,070,224	(4,070,224)	-	-	-	-
Share issue costs	-	(183,617)	-	-	-	-	(183,617)
Share-based payments	-	-	-	394,268	-	-	394,268
Net loss	-	-	-	-	-	(3,063,375)	(3,063,375)
Other comprehensive loss	-	-	-	-	(28,792)	-	(28,792)
Balance, February 28, 2022	49,567,718	7,183,585	-	717,347	(97,035)	(2,296,794)	5,507,103
Shares issued for private placement	12,446,397	3,531,423	-	-	-		3,531,423
Shares issued for option exercises	100,000	16,038	-	(6,038)			10,000
Share issue costs	-	(85,975)	-	13,693	-		(72,282)
Share-based payments	-	-	-	113,572			113,572
Net loss	-	-	-	-	-	(1,033,579)	(1,033,579)
Other comprehensive income	-	-	-	-	(98,956)	-	(98,956)
Balance, February 28, 2023	62,114,115	10,645,071	-	838,574	(195,991)	(3,330,373)	7,957,281

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

HEADWATER GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended February 28, 2023 $	Year ended February 28, 2022 $
Operating activities		
Net loss	(1,033,579)	(3,063,375)
Items not involving cash:		
Accretion of lease liability	18,997	11,287
Depreciation	132,743	67,461
Foreign exchange	(374,551)	(73,764)
Impairment of exploration and evaluation assets	29,954	492,404
Loss on disposal of equipment	449	-
Loss on sale of investments	-	8,408
Share-based payments	60,901	318,655
Unrealized loss on investments	691,155	1,502,066
Deferred income taxes payable	-	(205,752)
Changes in non-cash working capital accounts:		
Amounts and other receivable	(10,128)	(32,552)
Prepaid expenses and deposits	(90,261)	(42,067)
Trade and other payables	225,264	41,663
Income taxes payable	-	(185,414)
Cash used in operating activities	(349,056)	(1,160,980)
Investing activities		
Expenditures on exploration and evaluation assets	(1,049,489)	(2,284,660)
Expenditures on earn-in exploration and evaluation assets	(5,165,494)	-
Cash received from third party earn-in expenditures	5,452,934	-
Cash received from option of properties	805,161	-
Redemption (purchase) of term deposits	(3,000,000)	750,000
Purchase of property and equipment	(44,835)	(57,395)
Deposit for bonds	(22,378)	(131,544)
Cash used in investing activities	(3,024,101)	(1,723,599)
Financing activities		
Proceeds from share issuances	3,541,423	-
Lease payments	(134,620)	(51,425)
Share issuance costs	(85,975)	(182,204)
Cash provided by (used in) financing activities	3,320,828	(233,629)
Effect of foreign exchange on cash	38,226	(1,623)
Decrease in cash	(14,103)	(3,119,831)
Cash, beginning of year	1,281,921	4,401,752
Cash, end of year	1,267,818	1,281,921
Supplemental information		
Cash	1,247,813	1,276,891
Restricted cash	20,005	5,030
	1,267,818	1,281,921
Interest paid	-	-
Income taxes paid	-	198,245

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Headwater Gold Inc. (the "Company") was incorporated on January 14, 2019 under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of mineral property assets in the United States. The address of the Company's corporate office and its principal place of business is Suite 1210 – 1130 West Pender Street, Vancouver, British Columbia, Canada. The Company's shares were approved for trading on the Canadian Securities Exchange ("CSE") under the symbol "HWG" on June 8, 2021.

The Company has one wholly owned subsidiary: CP Holdings Corporation. The accounts of the subsidiary are consolidated with the Company.

As at February 28, 2023, the Company had not yet determined whether the Company's mineral property assets contain 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 properties or realizing proceeds from their disposition. The Company has not generated revenue or cash flows from operations. The Company's ability to continue its operations, develop its properties 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 form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

b) 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

c) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CP Holdings Corporation. Inter-company balances and transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Use of Estimates

The preparation of these consolidated financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Significant areas requiring the use of management estimates and judgements are described in Note 3.

e) Cash

Cash includes cash on hand and demand deposits with financial institutions.

Restricted cash consists of a term deposit held by a financial institution as security against a company credit card of $20,005 (2022: $5,030).

f) Leases

The Company recognizes lease liability related to its lease commitments for its office, warehouse and vehicle leases. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate. The associated right-of-use asset will be measured at the amount of the lease liability.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation is calculated using the following rates and methods:

Computer equipment	20% straight line basis
Field equipment	30% declining balance basis
Leasehold improvements	33% straight line basis
Office furniture and equipment	30% declining balance basis

h) Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties for impairment and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carrying amounts of exploration and evaluation assets ("E&E Asset") is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

i) Impairment of Non-Financial Assets

Equipment is regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and

- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash, restricted cash and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of trade and other payables approximate their fair values because of the short-term nature of the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("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. There are three measurement categories under which the Company classifies its debt instruments:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial Instruments (continued)

- Amortized cost: 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 method.

- Fair value through OCI ("FVOCI"): 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 method.

- Fair value through profit or loss: 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 measures cash, restricted cash and marketable securities at FVTPL.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- FVTPL; and

- 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 fair value change to financial liabilities at FVTPL are presented as follows:

- 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 has classified its trade and other payables, lease liabilities and other liabilities at amortized cost. The Company does not designate 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Short-term Investments

Short-term investments include term deposits and marketable securities. Term deposits are Canadian guaranteed investment certificates that have maturities within 12 months from the consolidated statement of financial position date and are readily convertible into known amounts of cash with minimal risk of fluctuation in fair value. Marketable securities are investments in publicly traded companies.

l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

m) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statements of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Income Taxes (continued)

Deferred tax liabilities

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

n) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and stock options are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted income (loss) per common share is computed by dividing the net income (loss) applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. This follows the treasury stock method in which the dilutive effect on loss per share is recognized based on the proceeds that could be obtained from the exercise of options, warrants, and similar instruments. It assumes the proceeds would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding for the years ended February 28, 2023 and 2022 do not include options outstanding as the inclusion of the amounts would reduce the loss per share amount and are therefore anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive loss/income over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Black-Scholes model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

q) Foreign Currency Translation

The presentation and functional currency of the Company is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The functional currency of the subsidiary is the United States Dollar.

The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in the statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Foreign Currency Translation (continued)

A subsidiary that has a functional currency different from the presentation currency, is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

r) Adoption of New and Revised Standards and Interpretations

A number of new or amended accounting standards were scheduled for mandatory adoption on or after March 1, 2022. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

ii) Title to Mineral Property Interests

Although in management's judgement the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 11.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at February 28, 2023 and 2022, the fair values of the short-term investments are as follows:

	February 28, 2023		**February 28, 2022**	
	Fair Value ($)	**Cost ($)**	**Fair Value ($)**	**Cost($)**
Term deposits	3,000,000	3,000,000	-	-
Shares in Elevation Gold (a) and Huntsman (b)	101,304	2,266,450	777,291	2,266,450
	3,101,304	2,916,450	777,291	2,266,450

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS (CONTINUED)

a) Elevation Gold Mining Corporation

On November 24, 2020, pursuant to a property sale agreement, the Company received 500,000 common shares of Eclipse Gold Mining Corporation ("Eclipse"), a former public company listed for trading on the TSX Venture Exchange ("TSXV"), which were recorded at market value of $310,000.

In February 2021, Northern Vertex Mining Corp. ("Northern Vertex") acquired Eclipse via a statutory plan of arrangement under the Business Corporations Act (British Columbia) pursuant to which Northern Vertex acquired all of the issued and outstanding common shares of Eclipse. Pursuant to the transaction, Eclipse shareholders are entitled to receive 1.09 common shares of Northern Vertex in exchange for each Eclipse share held by such shareholder immediately prior to the completion of the transaction. The plan of arrangement was completed on February 16, 2021 and the Eclipse shares were delisted from the TSXV on February 19, 2021. On June 15, 2021, the Company received 545,000 common shares of Northern Vertex in exchange for its 500,000 common shares of Eclipse and recorded a loss on disposal of $8,175.

Effective September 24, 2021, Northern Vertex consolidated its common shares on a six (6) old for one (1) new basis and changed its name to Elevation Gold Mining Corporation ("Elevation Gold"). The Company's investment of 545,000 common shares of Northern Vertex were exchanged for 90,833 shares of Elevation Gold.

A summary table of the Company's investment in Elevation Gold is as follows:

	Number of shares	Fair value $
Balance, February 28, 2021	-	-
Elevation Gold shares received on June 15, 2021	90,833	196,200
Unrealized loss	-	(137,159)
Balance, February 28, 2022	90,833	59,041
Unrealized loss	-	(42,237)
Balance, February 28, 2023	90,833	16,804

b) Huntsman Exploration Inc.

On December 21, 2020, pursuant to a property sale agreement, the Company received 8,450,000 common shares of Huntsman Exploration Inc. ("Huntsman"), a public company trading on the TSXV, which were recorded at market value of $2,070,250. The shares were restricted from trading until December 21, 2021.

A summary table of the Company's investment in Huntsman is as follows:

	Number of shares	Fair value $
Balance, February 28, 2021	8,450,000	2,070,250
Unrealized loss	-	(1,352,000)
Balance, February 28, 2022	8,450,000	718,250
Unrealized loss	-	(633,750)
Balance, February 28, 2023	8,450,000	84,500

(Expressed in Canadian Dollars)

5. DEPOSITS

The Company has established a surety bonding arrangement with a third party (the "Surety Agent") under which 50% of the Company's reclamation bonding obligations will be replaced by deposits made by the Surety Agent. A finance fee of 2.5% will be charged on the balance of the amounts advanced and deposited by the Surety Agent.

During the year ended February 28, 2022, the Company advanced US $105,000 ($133,229) to the Surety Agent as collateral against US $210,000 in bonding that was placed by the Surety Agent. The bonds were executed to provide state-wide coverage for operations conducted by the Company on its mining claims in Nevada and Oregon. The bond deposit is returnable to the Company only after the government agencies are satisfied that there is no outstanding reclamation liability associated with the land or after the bond is replaced by another bond.

During the year ended February 28, 2023, the Surety Agent increased the amount of bonding to US $242,839 without the requirement to place additional collateral.

During the year ended February 28, 2023, the Company advanced a cash reclamation bond deposit of US $17,037 ($23,186) directly to the Nevada Bureau of Land Management.

6. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture & Equipment	Field Equipment	Leasehold Improvements	Total
	$	$	$		$
Cost					
Balance at February 28, 2021	-	-	-	-	-
Acquired	5,260	20,682	31,251	-	57,193
Foreign exchange	-	-	628	-	628
Balance at February 28, 2022	5,260	20,682	31,879	-	57,821
Acquired	-	-	11,638	33,803	45,441
Disposal	(627)	-	-	-	(627)
Foreign exchange	-	-	2,995	305	3,300
Balance at February 28, 2023	4,633	20,682	46,512	34,108	105,935
Depreciation					
Balance at February 28, 2021	-	-	-	-	-
Depreciation	912	4,529	6,295	-	11,736
Foreign exchange	-	-	55	-	55
Balance at February 28, 2022	912	4,529	6,350	-	11,791
Depreciation	1,021	4,846	10,454	2,018	18,339
Disposals	(178)	-	-	-	(178)
Foreign exchange	-	-	793	18	811
Balance at February 28, 2023	1,755	9,375	17,597	2,036	30,763
Carrying amounts					
At February 28, 2021	-	-	-	-	-
At February 28, 2022	4,348	16,153	25,529	-	46,030
At February 28, 2023	2,878	11,307	28,915	32,072	75,172

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Idaho $	Nevada $	Oregon $	Total $
Acquisition costs				
Balance, February 28, 2021	332,455	256,553	195,600	784,608
Additions	85,516	299,570	57,569	442,655
Impairment	-	(93,448)	(8,267)	(101,715)
Foreign exchange	1,815	3,226	1,385	6,426
Balance, February 28, 2022	419,786	465,901	246,287	1,131,974
Additions	100,332	757,910	205,226	1,063,468
Management fee	-	54,917	11,984	66,811
Recovery from third party earn-in	-	(604,075)	(130,824)	(734,899)
Impairment	-	-	(20,129)	(20,129)
Option of property	-	(276,516)	(74,206)	(350,722)
Foreign exchange	30,950	34,986	21,346	87,282
Balance, February 28, 2023	551,068	433,123	259,594	1,243,785
Exploration costs				
Balance, February 28, 2021	182,951	163,197	320,395	666,543
Additions				
Administration	21,145	34,409	23,351	78,905
Drilling	19,299	526,493	717,914	1,263,706
Geology	126,393	203,412	192,080	521,885
Mapping, sampling, geochem	8,411	29,289	-	37,700
Technical review	8,294	13,606	9,061	30,961
	183,542	807,209	942,406	1,933,157
Impairment	-	(370,821)	(19,868)	(390,689)
Foreign exchange	2,308	8,320	10,311	20,939
Balance, February 28, 2022	368,801	607,905	1,253,244	2,229,950
Additions				
Administration	6,801	66,808	23,866	97,475
Drilling	8,162	2,862,265	55,801	2,926,228
Geology	57,989	891,298	296,532	1,245,819
Mapping, sampling, geochem	124	348,722	21,996	370,842
Safety & social performance	-	17,836	2,947	20,783
Technical review	6,659	25,948	7,397	40,004
Management fee	-	397,639	24,014	421,653
	79,735	4,610,516	432,553	5,122,804
Recovery from third party earn-in	-	(4,374,012)	(264,158)	(4,638,170)
Option of property	-	(476,079)	-	(476,079)
Foreign exchange	30,474	46,359	97,031	173,864
Balance, February 28, 2023	479,010	414,689	1,518,670	2,412,369
Total acquisition costs and exploration expenditures				
February 28, 2022	788,587	1,073,806	1,499,531	3,361,924
February 28, 2023	1,030,078	847,812	1,778,264	3,656,154

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Earn-In Agreements with Newcrest Mining Limited

Pursuant to four separate definitive option and earn-in agreements (the "Earn-In Agreements") with a wholly-owned subsidiary of Newcrest Mining Limited ("Newcrest") dated August 15, 2022 (the "Execution Date"), Newcrest will have an option to acquire up to a 75% interest in each of the Company's Mahogany project in Oregon and Agate Point, Midas North and Spring Peak projects in Nevada for a cash payment of US $612,989, cumulative earn-in exploration expenditures of US $145,000,000, and the completion of Pre-Feasibility Studies which include a minimum resource of 1.5 million gold or gold equivalent ounces per project. Additionally, Newcrest agreed to acquire a 9.9% equity interest in the Company through a non-brokered private placement of common shares (Note 10(a)).

b) Idaho Properties

The Company holds a 100% interest in four mineral properties in Idaho that it has acquired by way of staking federal land or arm's length vendor acquisition.

(i) Matador Property - Matador is comprised of 30 mineral claims totalling 251 hectares located in Owyhee County, Idaho.

(ii) Opaline Gulch Property - Opaline Gulch is comprised of 31 mineral claims totalling 259 hectares located in Owyhee County, Idaho.

(iii) Crane Creek Property – Crane Creek is comprised of 135 mineral claims totalling 1,129 hectares, a state mining lease totalling 259 hectares and a fee lease totalling 26 hectares located in Washington County, Idaho.

Pursuant to an agreement dated July 22, 2020, the Company has acquired a 100% undivided interest in certain unpatented mining claims and State Mineral Lease E500007 located in Idaho for consideration of US $60,000 and 200,000 common shares of the Company (issued October 1, 2020 with a fair value of $44,000). The unpatented mining claims are subject to a 1% net smelter returns ("NSR") royalty which the Company may purchase for US $1,000,000 at any time. State Mineral Lease E500007 expired on February 28, 2021. The Company has acquired a fresh lease in its place: State Mineral Lease E500034 with a twenty year term, beginning March 1, 2021 and terminating February 28, 2041.

Pursuant to a mining lease agreement effective October 28, 2020, the Company has agreed to lease certain fee lands in Washington County, Idaho for a twenty year term that may be extended by ten year increments, for consideration of US $5,000 payable upon execution of the agreement and subsequent payments of US $3,250 on each anniversary of the effective date. The property is subject to a NSR royalty of 2%, of which the first 1% may be purchased for US $1,000,000 at any time and the second 1% may be purchased for US $2,000,000 at any time.

(iv) Flint Property - Flint is comprised of 130 mineral claims totalling 1,087 hectares located in Owyhee County, Idaho. The Company originally acquired the Flint property by way of staking federal land and sold it to Huntsman Exploration Inc. in December 2020. In August 2022, Huntsman abandoned the property without having conducted any exploration work and returned it to the Company for a nominal fee.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties

The Company holds interests in seven mineral properties in Nevada.

(i) Agate Point Property - Agate Point is comprised of 233 mineral claims totalling 1,948 hectares located in Humboldt County, Nevada. The Company holds a 100% interest in the project, subject to Newcrest's option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe.

Pursuant to the Agate Point Earn-In Agreement with Newcrest, Newcrest shall make a cash payment of US $30,684 (paid) representing historical land fees, staking costs and certain exploration costs, and sole fund guaranteed exploration expenditures of US $500,000 over a 24 month period (the "Minimum Commitment"). During this phase, the Company shall be the manager of the project and earn a 10% management fee on expenditures.

During Stage 1, Newcrest may elect to earn a 51% interest in the project by sole funding expenditures of US $10,000,000, inclusive of the Minimum Commitment, within 36 months of the Execution Date. If Newcrest fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newcrest. Newcrest has the option to extend the Stage 1 period by 12 months with the payment of US $150,000.

During Stage 2, Newcrest may earn an additional 14% interest the project, for a total 65% interest, by sole funding additional expenditures of US $20,000,000 within 36 months from the date Newcrest notifies CP Holdings. If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value. Newcrest has the option to extend the Stage 2 period by 12 months with the payment of US $250,000.

During Stage 3, Newcrest may earn an additional 10% interest in the project, for a total 75% interest, by completing the following: (i) granting a 2% NSR royalty to the Company, which Newcrest retains the right to buy back 1% of the NSR for Fair Value at any time; and (ii) delivering a Pre-Feasibility Study, solely funded by Newcrest, which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period from the date Newcrest notifies CP Holdings . Newcrest has the option to extend the Stage 3 period by 12 months with the payment of US $500,000.

As at February 28, 2023, Newcrest has advanced US $518,967 ($706,262) towards the Minimum Commitment and incurred US $561,792 ($764,543) in earn-in expenditures on the Agate Point project (Note 9).

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

(ii) Midas North Property – Midas North (formerly known as Castle Ridge) is comprised of 410 mineral claims totalling 3,428 hectares located in Elko County, Nevada. The Company holds a 100% interest in the project, subject to Newcrest's option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe.

Pursuant to the Midas North Earn-In Agreement with Newcrest, Newcrest shall make a cash payment of US $88,629 (paid) representing historical land fees, staking costs and certain exploration costs, and sole fund guaranteed exploration expenditures of US $2,000,000 over a 24 month period (the "Minimum Commitment"). During this phase, the Company shall be the manager of the project and earn a 10% management fee on expenditures.

During Stage 1, Newcrest may elect to earn a 51% interest in the project by sole funding expenditures of US $10,000,000, inclusive of the Minimum Commitment, within 36 months of the Execution Date. If Newcrest fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newcrest. Newcrest has the option to extend the Stage 1 period by 12 months with the payment of US $150,000.

During Stage 2, Newcrest may earn an additional 14% interest the project, for a total 65% interest, by sole funding additional expenditures of US $20,000,000 within 36 months from the date Newcrest notifies CP Holdings . If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value. Newcrest has the option to extend the Stage 2 period by 12 months with the payment of US $250,000.

During Stage 3, Newcrest may earn an additional 10% interest in the project, for a total 75% interest, by completing the following: (i) granting a 2% net smelter return ("NSR") royalty to the Company, which Newcrest retains the right to buy back 1% NSR for Fair Value at any time; and (ii) delivering a Pre-Feasibility Study, solely funded by Newcrest, which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period from the date Newcrest notifies CP Holdings. Newcrest has the option to extend the Stage 3 period by 12 months with the payment of US $500,000.

As at February 28, 2023, Newcrest has advanced US $845,194 ($1,150,225) towards the Minimum Commitment and incurred US $706,314 ($961,223) in earn-in expenditures on the Midas North project (Note 9).

(iii) Dome Hill Property - Dome Hill is comprised of 50 mineral claims totalling 418 hectares located in Mineral County, Nevada and Mono County, California. The Company holds a 100% interest in the project.

(iv) Long Valley Property – Long Valley is comprised of 39 mineral claims totalling 326 hectares located in Mineral County, Nevada. The Company holds a 100% interest in the project.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

(v) Spring Peak Property – The Company has entered into an Option to Purchase Agreement (the "Agreement") dated July 12, 2021 to acquire a 100% interest, subject to retained royalties, in the Spring Peak epithermal gold/silver project located in Nevada from Renaissance Exploration Inc. ("REI"), a wholly owned subsidiary of Orogen Royalties Inc. The Company's interest in the project is subject to Newcrest's option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe.

Pursuant to the Agreement and in order to exercise the option to acquire a 100% interest in the Property, the Company shall make the following payments:

(i) Pay US $10,000 upon signing the Agreement (paid);

(ii) Incur US $250,000 in exploration expenditures within 24 months of execution of the Agreement (incurred);

(iii) Pay US $250,000 upon receipt of final approval from the United States Forest Service of the Company's full Plan of Operations for exploration, which sum may be paid in common shares of the Company at the Company's election;

(iv) Grant to REI a 0.5% NSR royalty of which the Company shall have the right of first offer to purchase the NSR if REI elects to sell it;

(v) Grant to REI the option to purchase an additional 0.5% royalty for US $1,000,000, exercisable prior to the commencement of commercial production; and

(vi) Pay all costs and payments due and payable under the Underlying Kuzma Mining Lease and Option to Purchase Agreement dated January 20, 2012, as amended September 5, 2013 and April 12, 2016, as follow:

1) Pay annual lease payments on or before the anniversary of the receipt of approval of a notice of intent to operate or a plan of operations for drilling from the United States Forest Service (the "Permit Date", December 1, 2019) as follow:

- Second anniversary of Permit Date: US$40,000 (paid);
- Third through eleventh anniversaries of Permit Date: US $50,000;
- Twelfth through fifteenth anniversaries of Permit Date: US $60,000;
- Sixteenth and each succeeding anniversary of Permit Date: US $60,000, as adjusted for inflation;

2) Pay US $500,000 to exercise the Option at any time within one year after the completion of a Technical Report complying with NI 43-101 standards which documents a minimum 500,000 ounce gold equivalent inferred resource on the Property; and pay a 2.5% NSR royalty of which the Issuer shall have the right to purchase 1.5% of the NSR for US $1,500,000.

The underlying Kuzma lease consists of 52 mineral claims totalling 435 hectares. The Company has acquired 100% interest in an additional 307 mineral claims totalling 2,567 hectares through staking.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

Pursuant to the Spring Peak Earn-In Agreement with Newcrest, Newcrest shall make a cash payment of US $438,660 (paid) representing historical land fees, staking costs and certain expenditures, and sole fund guaranteed exploration expenditures of US $2,500,000 over a 24 month period (the "Minimum Commitment"). Newcrest is obligated to spend an additional US $2,500,000, bringing the total guaranteed exploration expenditures to US $5,000,000, within a 12-month period following the later date of both receipt of a full Plan of Operations exploration permits and the end of the Option Period. If the exploration permit is not obtained within 24 months, then Newcrest may elect to proceed to Stage 1 without having to fund the additional Minimum Commitment of US $2,500,000. During this phase, the Company shall be the manager of the project and earn a 10% management fee on expenditures.

During Stage 1, Newcrest may elect to earn a 51% interest in the project by sole funding expenditures of US $15,000,000, inclusive of the Minimum Commitment, within 36 months of the Execution Date. If Newcrest fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newcrest. Newcrest has the option to extend the Stage 1 period by 12 months with the payment of US $150,000.

During Stage 2, Newcrest may earn an additional 14% interest the project, for a total 65% interest, by sole funding additional expenditures of US $40,000,000 within 36 months from the date Newcrest notifies CP Holdings. If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value. Newcrest has the option to extend the Stage 2 period by 12 months with the payment of US $250,000.

During Stage 3, Newcrest may earn an additional 10% interest in the project, for a total 75% interest, by completing the following: (i) granting a 1% net smelter return ("NSR") royalty to the Company, which Newcrest retains the right to buy back 0.5% NSR for Fair Value at any time; and (ii) delivering a Pre-Feasibility Study, solely funded by Newcrest, which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period from the date Newcrest notifies CP Holdings. Newcrest has the option to extend the Stage 3 period by 12 months with the payment of US $500,000.

As at February 28, 2023, Newcrest has advanced US $1,665,713 ($2,266,869) towards the Minimum Commitment and incurred US $2,450,536 ($3,334,934) in earn-in expenditures on the Spring Peak project (Note 9).

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

(vi) TJ Property - TJ is comprised of 13 mineral claims totalling 109 hectares that the Company staked and a mining lease of 90 mineral claims totalling 752 hectares located in Elko County, Nevada.

Pursuant to an exploration lease and option to purchase agreement effective October 31, 2022, the Company has agreed to lease certain lands in Elko County, Nevada for a thirty year term for the following annual minimum payments (“Minimum Payment”):

- Upon execution of agreement (“Effective Date”): US $15,000;
- First anniversary of Effective Date: US $20,000;
- Second anniversary of Effective Date: US $25,000;
- Third anniversary of Effective Date: US $35,000;
- Fourth anniversary of Effective Date: US $50,000;
- Fifth through tenth anniversary of Effective Date: US $50,000 adjusted for inflation; and
- Eleventh and each succeeding anniversary of Effective Date: US $100,000 adjusted for inflation.

The lease is further subject to a work commitment of US $250,000 to be incurred on or before the second anniversary of the Effective Date.

The leased property is subject to NSR royalties of between 1.5% to 2.5%, of which 40% of the NSR may be purchased for US $2,000,000 adjusted for inflation at any time and 40% of the NSR may be purchased for fair value within 90 days after completion of a NI 43-101 compliant pre-feasibility report.

The Company retains an option to acquire 100% interest in the leased property, subject to the NSR, for US $1,500,000 and the Minimum Payments shall be applied towards the purchase price.

(vii) Lodestar Property – Lodestar is comprised of 121 mineral claims totalling 1,012 hectares that the Company staked and a mining lease of 12 mineral claims totalling 100 hectares located in Mineral County, Nevada.

Pursuant to an exploration lease and option to purchase agreement effective February 15, 2023, the Company has agreed to lease 12 unpatented mining claims (the “Vendor Claims”) for a 30 year term, subject to the Company’s right to purchase the Vendor Claims for US $1,500,000 (the “Option”), for annual minimum payments of US $20,000 upon execution of the Agreement, US $25,000 on the first anniversary of the Effective Date, US $30,000 on the second anniversary of the Effective Date, US $40,000 on the third anniversary of the Effective Date, and US $50,000 on the fourth and each succeeding anniversary of the Effective Date, such minimum payments to be credited against the purchase price should the Company elect to exercise the Option to purchase the Vendor Claims, and such obligation to make the minimum payments to cease should the Company exercise and close the Option.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

The Vendor Claims are subject to a 3.0% production royalty of which the Company may purchase 1.0% for US $1,000,000 and 1.0% for US $2,000,000 at any time. The Company is further obligated to incur US $50,000 in exploration expenditures on or before the first anniversary of the Effective Date and US $250,000 in qualified expenditures within twelve (12) months after the US Forest Service approves the Company's notice of intent or plan of operations which authorizes exploration drilling on the Vendor Claims. (Note 17(a)).

(viii) Highland Property - The Company had entered into an Exploration and Option to Enter Joint Venture Agreement (the "Agreement") dated June 29, 2021 to earn up to a 100% interest in the Highland gold/silver project, located in Lander County, Nevada, from Bravada Gold Corporation together with its wholly owned subsidiary Rio Fortuna Exploration (U.S.), Inc. ("RFE"). The property was subject to a 3% retained NSR royalty of which 1% of the NSR may be purchased for US$1,000,000 at any time prior to the commencement of commercial production.

The Company made the decision to terminate the option and provided notice to the Optionor on September 30, 2021. Accordingly, $428,829 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 28, 2022 and a further $1,970 in exploration costs were expensed during the year ended February 28, 2023.

d) Oregon Properties

The Company holds interests in four mineral properties in Oregon.

(i) Katey Property - Katey is comprised of 144 mineral claims totalling 1,204 hectares located in Malheur County, Oregon.

(ii) Mahogany Property - Mahogany is comprised of 273 mineral claims totalling 2,283 hectares located in Malheur County, Oregon. The Company holds a 100% interest in the project, subject to Newcrest's option to acquire 75% of the project following certain expenditures and preparation of a Pre-Feasibility Study within a designated timeframe.

Pursuant to the Mahogany Earn-In Agreement with Newcrest, Newcrest shall make a cash payment of US $55,016 (paid) representing land fees and staking costs, and sole fund guaranteed exploration expenditures of US $1,000,000 over a 24 month period (the "Minimum Commitment"). During this phase, the Company shall be the manager of the project and earn a 10% management fee on expenditures.

During Stage 1, Newcrest may elect to earn a 51% interest in the project by sole funding expenditures of US $10,000,000, inclusive of the Minimum Commitment, within 36 months of the Execution Date. If Newcrest fails to meet either the Minimum Commitment or the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newcrest. Newcrest has the option to extend the Stage 1 period by 12 months with the payment of US $150,000.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

d) Oregon Properties (continued)

During Stage 2, Newcrest may earn an additional 14% interest the project, for a total 65% interest, by sole funding additional expenditures of US $20,000,000 within 36 months from the date Newcrest notifies CP Holdings. If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for Fair Value. Newcrest has the option to extend the Stage 2 period by 12 months with the payment of US $250,000.

During Stage 3, Newcrest may earn an additional 10% interest in the project, for a total 75% interest, by completing the following: (i) granting a 2% net smelter return ("NSR") royalty to the Company, which Newcrest retains the right to buy back 1% NSR for Fair Value at any time; and (ii) delivering a Pre-Feasibility Study, solely funded by Newcrest, which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period from the date Newcrest notifies CP Holdings. Newcrest has the option to extend the Stage 3 period by 12 months with the payment of US $500,000.

As at February 28, 2023, Newcrest has advanced US $1,121,579 ($1,526,357) towards the Minimum Commitment and incurred US $298,332 ($406,000) in earn-in expenditures on the Mahogany project (Note 9).

(iii) Hot Tub Property – Hot Tub is comprised of 4 mineral claims totalling 33 hectares in Malheur County, Oregon. The Company had elected not to maintain certain of the claims and accordingly $20,510 in acquisition costs connected to the claims were written off during the year ended February 28, 2023.

(iv) Bannock Property – Bannock is comprised of 21 mineral claims totalling 176 hectares located in Malheur County, Oregon.

(v) Birch Creek Property – Birch Creek was comprised of 12 mineral claims totalling approximately 100 hectares in Malheur County, Oregon. The Company had elected not to maintain the claims and accordingly $28,135 in acquisition costs and related exploration costs connected to the claims were written off during the year ended February 28, 2022.

(Expressed in Canadian Dollars)

8. RIGHT-OF-USE ASSETS

The Company has leases for office spaces, a warehouse facility and a vehicle. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

The Company has entered into a lease for the rental of its office space for a two year term commencing August 1, 2021 that includes a rent-free period from May 1, 2021 to July 31, 2021 and free basic rent for the twelfth and twenty-fourth months. The Company recognized lease liability of $152,327 in the statement of financial position. The liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 10% for a 27 month term at the date of initial occupancy, May 1, 2021. The lease term matures on July 31, 2023.

The Company has entered into a lease for the rental of its field office for a three year term commencing November 1, 2022. The Company recognized lease liability of $147,211 in the statement of financial position. The liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 10% for a 36 month term at the date of initial occupancy, November 1, 2022. The lease term matures on October 31, 2025.

The Company has entered into a lease for the rental of a warehouse facility for a three year term commencing July 1, 2022. The Company recognized lease liability of $121,303 in the statement of financial position. The liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 10% for a 36 month term at the date of initial occupancy, July 1, 2022. The lease term matures on June 30, 2025.

The Company has entered into a lease for the rental of a truck for a three year term commencing September 14, 2022. The Company recognized lease liability of $65,790 in the statement of financial position. The liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 7.14% for a 36 month term at the date of initial possession, September 14, 2022. The lease term matures on September 14, 2025.

For the year ended February 28, 2023, depreciation of the right-of-use assets was $115,561 (2022: $55,754). The right-of-use assets are depreciated on a straight-line basis over the terms of the leases. A summary of the Company's right-of-use asset balances by class of assets at February 28, 2023 and 2022 and the changes for the years then ended is presented below:

	Office $	Warehouse $	Vehicle $	Right-Of-Use Assets $
Balance, February 28, 2021	-	-	-	-
Additions	150,537	-	-	150,537
Depreciation	(55,754)	-	-	(55,754)
Balance, February 28, 2022	94,783	-	-	94,783
Additions	149,001	121,303	65,790	336,094
Depreciation	(84,720)	(20,729)	(10,112)	(115,561)
Foreign exchange	1,173	3,885	499	5,557
Balance, February 28, 2023	160,237	104,459	56,177	320,873

(Expressed in Canadian Dollars)

8. RIGHT-OF-USE-ASSETS (CONTINUED)

For the year ended February 28, 2023, interest expense on the lease liability was $19,264 (2022: $11,287). A summary of the Company's lease liability by class of assets at February 28, 2023 and 2022 and the changes for the years then ended is presented below:

	Office $	Warehouse $	Vehicle $	Lease Liability $
Balance, February 28, 2021	-	-	-	-
Lease liability recognized	150,537	-	-	150,527
Lease payments	(51,424)	-	-	(51,424)
Accretion	11,287	-	-	11,287
Balance, February 28, 2022	110,400	-	-	110,400
Lease liabilities recognized	149,001	121,303	65,790	336,094
Lease payments	(103,777)	(21,794)	(10,178)	(135,749)
Accretion	11,810	5,424	2,030	19,264
Foreign exchange	1,197	3,955	517	5,669
Balance, February 28, 2023	168,631	108,888	58,159	335,678

	Office $	Warehouse $	Vehicle $	Lease Liability $
Current portion of lease liabilities	79,082	42,022	21,242	142,346
Non-current portion of lease liabilities	89,549	66,866	36,917	193,332
Balance, February 28, 2023	168,631	108,888	58,159	335,678

At February 28, 2023, the annual maturities of undiscounted lease payments is presented below:

	Office $	Warehouse $	Vehicle $	Lease Liability $
February 29, 2024	90,565	50,625	24,646	165,836
February 28, 2025	57,671	53,151	24,646	135,468
February 28, 2026	39,166	18,002	14,377	71,545
February 28, 2027	-	-	-	-
February 28, 2028	-	-	-	-
Total	187,402	121,778	63,669	372,849
Effect of discounting	(18,771)	(12,890)	(5,510)	(37,171)
Lease liability	168,631	108,888	58,159	335,678

The Company expensed $32,230 (2022: $34,830) in short-term leases included in office expenses and recovered $97,795 (2022: $40,172) in rental income from right-of-use assets used by sub-tenants for the year ended February 28, 2023.

(Expressed in Canadian Dollars)

9. OTHER LIABILITIES

Other liabilities consist of net cash advances from Newcrest that the Company is committed to spend on qualifying earn-in expenditures by August 15, 2024 (Note 7).

	February 28, 2023 $	February 28, 2022 $
Cash received from Newcrest earn-in expenditures	5,649,713	-
Earn-in expenditures incurred	(5,466,700)	-
Earn-in expenditure commitment	183,011	-

10. SHARE CAPITAL

a) Common Shares

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

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The Company issued the following common shares during the year ended February 28, 2023:

(i) On August 30, 2022, the Company raised gross proceeds of $871,424 by way of a non-brokered private placement of 5,446,397 Common Shares priced at $0.16 sold to Newcrest (the "Equity Transaction"). The securities issued are restricted from trading until December 31, 2022. The Equity Transaction resulted in Newcrest owning approximately 9.9% of the total issued and outstanding Common Shares of the Company on a non-diluted basis. For so long as Newcrest holds not less than 5% of the Company's issued and outstanding Common Shares, Newcrest retains the right to maintain its pro rata interest. If Newcrest does not exercise this right and fails to maintain its pro rata interest through two consecutive equity financings, the participation right shall expire.

(ii) On February 8, 2023, the Company issued 100,000 common shares priced at $0.10 for gross proceeds of $10,000 pursuant to a stock option exercise.

(iii) On February 15, 2023, the Company completed a non-brokered private placement (the "Offering") to raise gross proceeds of $2,660,000 through the sale of 7,000,000 units of the Company (the "Units") priced at $0.38 per Unit. Each Unit consists of one common share and one half of a share purchase warrant, with each whole warrant exercisable into one further common share at a price of $0.55 for a two-year term. Finders' fees of $55,085 and 144,960 broker warrants exercisable at $0.55 for a two-year term were paid on a portion of the Offering. All securities issued are restricted from trading until June 16, 2023. Newcrest exercised its participation right and purchased 705,000 Units to maintain its pro-rata 9.9% equity interest in the Company.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

a) Common Shares (continued)

The Company issued the following common shares during the year ended February 28, 2022:

(iv) On February 11, 2021, the Company raised gross proceeds of $4,070,224 by way of a non-brokered private placement of 11,629,212 Subscription Receipts (each, a "Subscription Receipt") priced at $0.35. Each Subscription Receipt entitles the holder to acquire, for no additional consideration, one common share pursuant to the terms and conditions in the Subscription Receipt Certificate. On June 3, 2021, the Escrow Release Conditions for the Subscription Receipts were met and the Subscription Receipts were converted into common shares. Finder's fees of $182,203 were paid on $3,036,725 of the private placement.

b) Reserves

	February 28, 2023 $	February 28, 2022 $
Fair value of stock options granted or vested	824,881	717,347
Fair value of warrants issued	13,693	
Reserves	838,574	717,347

c) Share Purchase Warrants

A summary of the Company's share purchase warrants at February 28, 2023 and 2022 and the changes for the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 28, 2021 and 2022	-	-
Issue of warrants	3,644,960	$0.55
Balance at February 28, 2023	3,644,960	$0.55

On February 15, 2023, the Company issued 3,500,000 warrants and 144,960 broker warrants exercisable at $0.55 per share for a two-year term pursuant to the private placement described in Note 10(a)(iii).

As at February 28, 2023 and 2022, the Company had outstanding and exercisable warrants as follows:

February 28, 2023	February 28, 2022	Exercise Price per Share	Expiry Date
3,644,960	-	$0.55	February 28, 2025

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

d) Escrow Shares

On April 9, 2021, the Company entered into an escrow agreement under which 20,089,167 common shares would be held in escrow and are scheduled for release as follows: 10% on the date the shares are listed on a Canadian exchange (the "listing date", June 8, 2021) and 15% will be released in 6, 12, 18, 24, 30 and 36 months thereafter.

As at February 28, 2023, the Company held 9,040,129 shares in escrow.

11. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated May 16, 2019 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other requirements under the Plan. Options granted under the Plan are subject to vesting terms determined by the Board.

A summary of the Company's stock options at February 28, 2023 and 2022 and the changes for the years then ended is presented below:

	February 28, 2023		**February 28, 2022**	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	4,855,000	$0.21	3,735,000	$0.16
Granted	645,000	$0.27	1,220,000	$0.36
Exercised	(100,000)	$0.10	-	-
Cancelled	-	-	(100,000)	$0.20
Ending balance	5,400,000	$0.22	4,855,000	$0.21

On October 28, 2022, the Company granted 645,000 stock options exercisable at $0.27 per share to a director, officers, employees and consultants of the Company. The options vested immediately.

On July 2, 2021, the Company granted 1,220,000 stock options exercisable at $0.36 per share to directors, officers, employees and consultants of the Company. The options vested over a six month period.

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

Details of stock options outstanding as at February 28, 2023 and 2022 are as follows:

Expiry Date	Exercise Price	February 28, 2023	February 28, 2022	Weighted Average Remaining Contractual Life (Years)
July 24, 2024	$0.10	1,400,000	1,500,000	1.40
September 1, 2024	$0.10	100,000	100,000	1.51
August 12, 2025	$0.20	1,300,000	1,300,000	2.45
November 24, 2025	$0.22	735,000	735,000	2.74
July 2, 2026	$0.36	1,220,000	1,220,000	3.34
October 28, 2027	$0.27	645,000	-	4.67
		5,400,000	4,855,000	2.67

The weighted average remaining contractual life of stock options outstanding at February 28, 2023 was 2.67 years (2022: 3.38 years).

b) Fair Value of Options Issued During the Years Ended

The weighted average fair value at grant date of options granted during the year ended February 28, 2023 was $0.176 per option (2022: $0.275 per option). The total fair value of options granted during the year was $113,572 (2022: $335,062). During the year ended February 28, 2023, $113,572 (2022: $394,268) of the options vested and were realized as share based payments. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2023	2022
Expected stock price volatility	79%	107%
Risk-free interest rate	3.31%	0.98%
Dividend yield	-	-
Expected life of options	5 years	5 years
Stock price on date of grant	$0.270	$0.355
Forfeiture rate	-	-

12. INCOME TAXES

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

	2023	2022
Statutory tax rate	27.00%	27.00%
	$	$
Income tax (recovery) at combined statutory rate	(279,000)	(882,000)
Non-deductible expenses and other items	(36,000)	(103,983)
Effect of foreign tax rates	11,000	34,000
Change in unrecognized deferred tax assets	304,000	747,000
Income tax expense (recovery)	-	(204,983)

(Expressed in Canadian Dollars)

12. INCOME TAXES (CONTINUED)

Income tax expense is comprised of:

	2023	2022
	$	$
Current income tax	-	769
Deferred income tax (recovery)	-	(205,752)
Income tax expense (recovery)	-	(204,983)

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2023	2022
	$	$
Equipment	8,000	3,000
Exploration and evaluation assets	143,000	128,000
Leases	4,000	4,000
Marketable securities	604,000	392,000
Non-capital loss carry-forwards	426,000	348,000
Share issuance costs	2,000	8,000
Total deferred income tax assets	1,187,000	883,000
Unrecognized deferred tax assets	(1,187,000)	(883,000)
Net deferred tax assets	-	-

As at February 28, 2023, the Company has available for deduction against future taxable income non-capital losses of approximately $1,130,000 in Canada, which will expire between 2039 and 2043. As at February 28, 2023, the Company has non-capital losses of approximately $476,000 to reduce future taxable income in the United States with an indefinite expiry period.

13. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer, chief financial officer and vice president, exploration of the Company. Key management personnel compensation is comprised of the following:

	2023 $	2022 $
Short-term employee benefits and director fees	559,757	375,883
Share-based payments	39,618	264,054
Total key management compensation	599,375	639,937

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Key Management Compensation (continued)

The Company had entered into a Management Agreement with a company controlled by the President and Chief Executive Officer effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the President received a monthly fee of US $13,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the President resigns within 12 months following a change of control. Effective January 1, 2023, the Company entered into a new Management Agreement with the company controlled by the President for compensation of a monthly fee of US $14,500; a performance bonus of US $40,000; and the same provisions for severance. During the year ended February 28, 2023, the Company paid $261,387 (2022: $195,462) in fees to the company controlled by the President.

The Company has entered into a Management Agreement with a company controlled by the Chairman effective March 1, 2021 for no fixed term. As compensation for the services to be provided, the company controlled by the Chairman will receive a monthly fee of $5,000 with provisions for severance of six months of compensation in the event the Company terminates the Agreement without cause; three months of compensation in the event of constructive dismissal; and 24 months of compensation in the event the Company terminates the Agreement without cause or the Chairman resigns within 12 months following a change of control. During the year ended February 28, 2023, the Company paid $70,000 (2022: $62,303) in fees to the company controlled by the Chairman.

The Company has entered into an Employment Agreement with the Chief Financial Officer and Corporate Secretary effective January 1, 2022 for no fixed term. As compensation for the services to be provided, the CFO will receive a performance bonus of $6,000 and a monthly salary of $6,500 with provisions for severance of two months of compensation in the event the Company terminates the Agreement without cause and 24 months of compensation in the event the Company terminates the Agreement without cause or the CFO resigns within 12 months following a change of control. During the year ended February 28, 2023, the Company paid $78,000 (2022: $70,119) in salary to the CFO.

The Company has entered into a General Services Agreement with the Vice President, Exploration (“VPX”) effective September 1, 2022 to December 31, 2023. As compensation for the services to be provided, the Company agreed to pay the VPX a daily rate of US $625. During the year ended February 28, 2023, the Company paid $102,371 (2022: $nil) in fees to the VPX.

During the year ended February 28, 2023, the Company recorded $48,000 (2022: $48,000) in director fees payable to three directors.

b) Related Party Payables

As at February 28, 2023, the Company has $45,734 (2022: $39,979) due to related parties which consists of amounts owed to directors, officers, and companies with common directors for salaries, fees, advances and expense reimbursements, which are due on demand, unsecured and are non-interest bearing.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

c) Related Party Receivables

As at February 28, 2023 the Company has $12,986 (2022: $9,829) receivable from companies with common directors for rent and office overhead expense recoveries, which are due on demand, unsecured and are non-interest bearing.

d) Rental Income

During the year ended February 28, 2023, the Company charged office rent of $39,000 (2022: $25,000) to companies with common directors.

e) Exploration Expenses

During the year ended February 28, 2023, the Company received $86,560 in exploration services and equipment rentals from a company with common directors and paid a deposit of $14,777 for exploration services to be completed.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair values

The Company's financial instruments include cash, restricted cash, term deposits, marketable securities, amounts and other receivables, trade and other payables and other liabilities. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	February 28, 2023		February 28, 2022	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	4,369,122	4,369,122	2,059,212	2,059,212
Amortized cost assets (ii)	37,368	37,368	12,673	12,673
Amortized cost liabilities (iii)	775,113	775,113	242,191	242,191

(i) Cash, restricted cash, term deposits, marketable securities
(ii) Amounts and other receivables
(iii) Trade and other payables, lease liabilities and other liabilities

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at February 28, 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	1,267,818	-	-	1,267,818
Term deposits	3,000,000	-	-	3,000,000
Marketable securities	101,304	-	-	101,304

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk, the Company only holds its cash with high credit chartered Canadian financial institutions or comparable American financial institutions. As at February 28, 2023, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, lease liabilities and other liabilities. The Company handles its liquidity risk through the management of its capital structure as described in Note 15. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at February 28, 2023:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	$	$	$	$	$	$
Trade and other payables	219,253	219,253	219,253	-	-	-
Lease liabilities	335,678	372,849	165,836	135,468	71,598	-
Other liabilities	183,011	183,011	-	183,011	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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 the foreign currency exchange rates. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's exploration property expenditures will be incurred in United States dollars. The Company's property earn-in agreements with Newcrest will fund exploration expenditures in United States dollars. Exchange gains and losses would impact the statement of loss and comprehensive loss. The Company does not use any hedging instruments to reduce exposure to fluctuations in foreign currency rates.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

The Company is exposed to currency risk through cash, amounts and other receivables, trade and other payables, lease liability and other liabilities held in the subsidiary which are denominated in USD. The following table shows the impact on pre-tax loss of a 10% change in the CAD:USD exchange rate on financial assets and liabilities denominated in USD, as of February 28, 2023, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase $	**10% decrease** $
Cash	127,567	(127,567)
Amounts and other receivable	1,093	(1,093)
Trade and other payables	(19,023)	19,023
Lease liability	(33,836)	33,836
Other liabilities	(18,301)	18,301

15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in Equity to be 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

16. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	February 28, 2023			February 28, 2022		
	Canada $	**USA** $	**Total** $	**Canada** $	**USA** $	**Total** $
Current assets	3,506,250	1,047,912	4,554,162	1,999,411	141,317	2,140,728
Right-of-use-assets	28,209	292,664	320,873	94,783	-	94,783
Property, plant & equipment	14,185	60,987	75,172	20,501	25,529	46,030
E&E assets	-	3,656,154	3,656,154	-	3,361,924	3,361,924
Deposits	-	166,080	166,080	-	133,329	133,329
Total assets	3,548,644	5,223,797	8,772,441	2,114,695	3,662,099	5,776,794
Total liabilities	113,013	702,147	815,160	174,611	95,080	269,691

17. SUBSEQUENT EVENTS

a) Lodestar Earn-In Agreement with Newcrest

Pursuant to an option and earn-in agreement with Newcrest dated May 8, 2023 (the "Execution Date"), Newcrest will have an option to acquire up to a 75% interest in the Company's Lodestar project in Nevada.

Newcrest shall make a cash payment of US $77,759 as a reimbursement of 100% of the Company's acquisition and exploration expenditures incurred to date on the project, and sole fund guaranteed exploration expenditures of US $2,000,000 over a 24-month period as a minimum commitment or pay the difference to the Company. Upon completion of the upfront cash payment and minimum commitment expenditures, Newcrest may elect to proceed to the earn-in phase of the transaction.

During Stage 1, Newcrest may elect to earn a 51% interest in the project by sole funding expenditures of US $10,000,000 (which includes the Minimum Commitment) within 36 months of the Execution Date. If Newcrest fails to meet the Stage 1 earn-in expenditure amount, the Company will retain 100% ownership of the project with no interest earned by Newcrest.

During Stage 2, Newcrest may elect to earn an additional 14% interest in the project, for a total 65% interest, by sole funding additional expenditures of US $20,000,000 within 36 months following completion of Stage 1. If Newcrest initiates but does not complete Stage 2, its interest will revert to 49%, which the Company retains the right to purchase at a mutually agreed price or, if a price cannot be mutually agreed within a specified period, for fair value.

During Stage 3, Newcrest may elect to earn an additional 10% interest in the project, for a total 75% interest, by completing the following:

i) Granting a 2% NSR royalty to the Company on claims owned outright by the Company, and a 1% NSR royalty on claims subject to an underlying option agreement. Newcrest retains the right to buy back 50% of the NSR for fair value at any time; and

ii) Delivering to the Company a pre-feasibility study for the project, solely funded by Newcrest, and which includes a minimum 1.5 million ounce gold or gold-equivalent resource within an additional 24-month period following the completion of Stage 2.

b) Agate Point Earn-In Agreement with Newcrest

Pursuant to the Agate Point Earn-In Agreement with Newcrest described in Note 7(c), Newcrest has completed the minimum commitment of spending US $500,000 in exploration expenditures on the project and has elected not to proceed to the Stage I earn-in of 51% interest in Agate Point. Accordingly, Newcrest provided notice to the Company that it is terminating its option on the project on May 8, 2023.

c) Newcrest Cash Calls

Subsequent to yearend, Newcrest advanced an additional US $4,165,233 to the Company to fund its earn-in exploration commitments described in Note 7.

17. SUBSEQUENT EVENTS (CONTINUED)

d) Surface Rights Agreement Midas North

Pursuant to an exploration lease and option to purchase agreement Ellis Ranch Property (the “Agreement”) dated June 6, 2023 with the owner of certain surface estate fee lands (the “Property”) within the Midas North project boundaries, the Company has agreed to lease the Property for a 30 year term, subject to the Company’s right to purchase the Property for US $900,000, for annual minimum payments of US $5,000 within 30 days upon execution of the Agreement, US $5,000 on the first to ninth anniversary of the Effective date, US $10,000 on the tenth to nineteenth anniversary of the Effective Date, and US $20,000 on the twentieth and each succeeding anniversary of the Effective Date. The Property is subject to an annual surface disturbance fee of US $250 for each full acre of disturbed and unreclaimed surface of the Property, such fee to increase by US $100 annually beginning on the fifth anniversary of the Effective Date. The Company has the right to construct a water well on the Property and up to US $25,000 of the cost of the well construction and permit shall be credited in the Company’s favour against the minimum payment obligations and surface disturbance fee obligations. If the Company transfers its interest in the Agreement to an unaffiliated third party, the Company must pay a US $10,000 transfer fee.

e) Stock Options

On March 17, 2023, the Company granted 550,000 incentive stock options to a director, officer, employees and consultants of the Company. Each option is exercisable to purchase one common share of the Company at a price of $0.38 for a five-year term. The options vested immediately.

On April 12, 2023, the Company issued 100,000 common shares priced at $0.27 for gross proceeds of $27,000 pursuant to a stock option exercise.