HEADWATER GOLD INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2023 AND 2022

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022
(UNAUDITED – SEE "NOTICE TO READER" BELOW)

NOTICE TO READER OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of Headwater Gold Inc. and the accompanying condensed consolidated interim statements of financial position as at May 31, 2023 and the condensed consolidated interim statements of comprehensive loss, statements of changes in equity and cash flows for the three months ended May 31, 2023 and 2022 are the responsibility of the Company's management.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with IAS 34 *Interim Financial Reporting* under International Financial Reporting Standards as issued by the IASB. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

"Caleb Stroup"	*"Sandra Wong"*
Caleb Stroup	Sandra Wong
Chief Executive Officer	Chief Financial Officer
July 28, 2023	July 28, 2023

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian Dollars)

	Note	May 31, 2023 $	February 28, 2023 $
Assets			
Current assets			
Cash		5,497,392	1,247,813
Restricted cash		20,005	20,005
Short-term investments	4	2,967,775	3,101,304
Amounts and other receivable	12	480,468	46,171
Prepaid expenses and deposits		714,466	138,869
		9,680,106	4,554,162
Non-current assets			
Right-of-use assets	8	274,730	320,873
Deposits	5	166,007	166,080
Property and equipment	6	73,264	75,172
Exploration and evaluation assets	7	3,605,993	3,656,154
Total assets		13,800,100	8,772,441
Liabilities			
Current liabilities			
Trade and other payables	7,12	268,002	296,471
Current portion of lease liabilities	8	123,215	142,346
		391,217	438,817
Non-current liabilities			
Lease liabilities	8	164,055	193,332
Other liabilities	7,9	5,464,265	183,011
Total liabilities		6,019,537	815,160
Equity			
Share capital	10	10,689,535	10,645,071
Reserves	10	960,087	838,574
Accumulated other comprehensive loss		(195,384)	(195,991)
Accumulated deficit		(3,673,675)	(3,330,373)
		7,780,563	7,957,281
Total liabilities and equity		13,800,100	8,772,441

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on July 28, 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 condensed consolidated interim financial statements.

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 31, 2023 AND 2022
(Expressed in Canadian Dollars)

		Three months ended	
	Note	May 31, 2023 $	May 31, 2022 $
Expenses			
Accounting and audit		206	317
Accretion of lease liability	8	7,147	2,411
Consulting		36,128	10,181
Depreciation	6, 8	52,332	20,218
Filing fees		6,742	7,382
General exploration		37,798	15,001
Investor communication		64,012	38,351
Legal		1,956	4,575
Management		52,417	52,879
Office		27,702	35,493
Salaries and benefits		34,580	36,234
Share-based payments		132,797	-
Travel		12,095	10,506
Total expenses		(465,912)	(233,548)
Other income (expenses)			
Management fee income		74,018	-
Rental income		48,063	-
Finance and interest income		32,226	506
Finance expense		-	(2,542)
Foreign exchange loss		(3,168)	(23,112)
Impairment of exploration and evaluation assets	7	-	(7,233)
Unrealized loss on investments	4	(28,529)	(419,763)
Total other income (expenses)		122,610	(452,144)
Net loss		(343,302)	(685,692)
Other comprehensive loss			
Items that may be reclassified to comprehensive loss:			
Cumulative translation adjustment		607	6,657
Comprehensive loss		(342,695)	(679,035)
Loss per common share, basic and diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding, basic and diluted		62,167,376	49,567,718

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

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

	Number of Shares	Share Capital $	Reserves $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $	Total $
Balance, February 28, 2022	49,567,718	7,183,585	717,347	(97,035)	(2,296,794)	5,507,103
Net loss	-	-	-	-	(685,692)	(685,692)
Other comprehensive income	-	-	-	6,657	-	6,657
Balance, May 31, 2022	49,567,718	7,183,585	717,347	(90,378)	(2,982,486)	4,828,068
Balance, February 28, 2023	62,114,115	10,645,071	838,574	(195,991)	(3,330,373)	7,957,281
Shares issued for option exercises	100,000	44,608	(17,608)	-	-	27,000
Share issue costs	-	(144)	-	-	-	(144)
Share-based payments	-	-	139,121	-	-	139,121
Net loss	-	-	-	-	(343,302)	(343,302)
Other comprehensive income	-	-	-	607	-	607
Balance, May 31, 2023	62,214,115	10,689,535	960,087	(195,384)	(3,673,675)	7,780,563

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

HEADWATER GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	May 31, 2023 $	May 31, 2022 $
Operating activities		
Net loss	(343,302)	(685,692)
Items not involving cash:		
Accretion of lease liability	7,147	2,411
Depreciation	52,332	20,218
Foreign exchange	2,678	22,145
Impairment of exploration and evaluation assets	-	7,233
Share-based payments	132,797	-
Unrealized loss on investments	28,529	419,763
Changes in non-cash working capital accounts:		
Amounts and other receivable	(433,207)	(10,181)
Prepaid expenses and deposits	(574,130)	(137,023)
Trade and other payables	(26,009)	21,507
Cash used in operating activities	(1,153,165)	(339,619)
Investing activities		
Expenditures on exploration and evaluation assets	(43,764)	(236,031)
Expenditures on earn-in exploration and evaluation assets	(392,996)	-
Cash received from third party earn-in expenditures	5,651,388	-
Cash received from option of properties	105,503	-
Redemption of term deposits	105,000	-
Purchase of property and equipment	(4,514)	(4,011)
Cash provided by (used in) investing activities	5,420,617	(240,042)
Financing activities		
Proceeds from share issuances	27,000	-
Lease payments	(55,356)	(22,229)
Share issuance costs	(144)	-
Cash used in financing activities	(28,500)	(22,229)
Effect of foreign exchange on cash	10,627	(375)
Increase (decrease) in cash	4,249,579	(602,265)
Cash, beginning of period	1,267,818	1,281,921
Cash, end of period	5,517,397	679,656
Supplemental information		
Cash	5,497,392	674,626
Restricted cash	20,005	5,030
	5,517,397	679,656
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes form an integral part of these condensed consolidated interim 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 May 31, 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 condensed consolidated interim 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2023 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2023 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2023. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 28, 2023.

a) 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. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) 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.

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.

d) 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, 2023. 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

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2023 annual financial statements.

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at May 31, 2023 and February 28, 2023, the fair values of the short-term investments are as follows:

	May 31, 2023		February 28, 2023	
	Fair Value ($)	**Cost ($)**	**Fair Value ($)**	**Cost ($)**
Term deposits	2,895,000	2,895,000	3,000,000	3,000,000
Shares in Elevation Gold (a) and Huntsman (b)	72,775	2,266,450	101,304	2,266,450
	2,967,775	5,161,450	3,101,304	2,916,450

a) Elevation Gold Mining Corporation

A summary table of the Company's investment in Elevation Gold Mining Corporation ("Elevation Gold"), a public company listed for trading on the TSX Venture Exchange ("TSXV"), is as follows:

	Number of shares	Fair value $
Balance, February 28, 2022	90,833	59,041
Unrealized loss	-	(42,237)
Balance, February 28, 2023	90,833	16,804
Unrealized loss	-	(3,179)
Balance, May 31, 2023	90,833	13,625

b) Huntsman Exploration Inc.

A summary table of the Company's investment in Huntsman Exploration Inc. ("Huntsman"), a public company trading on the TSXV, is as follows:

	Number of shares	Fair value $
Balance, February 28, 2022	845,000	718,250
Unrealized loss	-	(633,750)
Balance, February 28, 2023	845,000	84,500
Unrealized loss	-	(25,350)
Balance, May 31, 2023	845,000	59,150

(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 period ended May 31, 2023, the Surety Agent increased the amount of bonding to US $309,559 (February 28, 2023: $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, 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
Acquired	-	-	4,514	-	4,514
Foreign exchange	-	-	(9)	(15)	(24)
Balance at May 31, 2023	4,633	20,682	51,017	34,093	110,425
Depreciation					
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
Depreciation	231	848	2,162	3,153	6,394
Foreign exchange	-	-	(3)	7	4
Balance at May 31, 2023	1,986	10,223	19,756	5,196	37,161
Carrying amounts					
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
At May 31, 2023	2,647	10,459	31,261	28,897	73,264

(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, 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
Additions	5,422	10,442	26	15,890
Management fee	-	251	3	254
Recovery from third party earn-in	-	(2,773)	(29)	(2,802)
Option of property	-	(94,053)	-	(94,053)
Foreign exchange	(205)	(202)	(115)	(522)
Balance, May 31, 2023	556,285	346,788	259,479	1,162,552
Exploration costs				
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
Additions				
Administration	1,356	22,086	12,187	35,629
Drilling	1,611	539,043	13,607	554,261
Geology	6,793	149,898	23,989	180,680
Safety & social performance	-	394	107	501
Technical review	-	7,948	810	8,818
Management fee	-	70,607	3,157	73,764
	9,760	789,976	53,917	853,653
Recovery from third party earn-in	-	(776,670)	(34,719)	(811,389)
Option of property	-	(10,000)	-	(10,000)
Foreign exchange	(186)	(386)	(620)	(1,192)
Balance, May 31, 2023	488,584	417,609	1,537,248	2,443,441
Total acquisition costs and exploration expenditures				
February 28, 2023	1,030,078	847,812	1,778,264	3,656,154
May 31, 2023	1,044,869	764,397	1,796,727	3,605,993

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Earn-In Agreements with Newcrest Mining Limited

Pursuant to four separate definitive option and earn-in agreements (each, an "Earn-In Agreement") 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. Effective May 8, 2023, Newcrest terminated the option to acquire an interest in the Agate Point project after having completed US $500,000 in minimum expenditure commitment on the project.

Pursuant to a definitive option and earn-in agreement with Newcrest dated May 8, 2023, Newcrest will have an option to acquire up to a 75% interest in the Company's Lodestar project in Nevada for a cash payment of US $77,759, cumulative earn-in exploration expenditures of US $30,000,000, and the completion of a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

Additionally, Newcrest agreed to acquire a 9.9% equity interest in the Company through a non-brokered private placement of common shares that closed on August 30, 2022 and Newcrest maintained its 9.9% equity interest by participating in a subsequent financing completed on February 15, 2023 (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.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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.

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.

Pursuant to the Agate Point Earn-In Agreement with Newcrest dated August 15, 2022, Newcrest had an option to acquire up to a 75% interest in the project by making a cash payment of US $30,684 (paid) representing historical land fees, staking costs and certain exploration costs, sole fund guaranteed exploration expenditures of US $500,000 (US $574,304 incurred) over a 24 month period (the "Minimum Commitment"), completing cumulative earn-in exploration expenditures of US $30,000,000, and completing a Pre-Feasibility Study which includes a minimum resource of 1.5 million gold or gold equivalent ounces.

During the year ended February 28, 2023, Newcrest completed the Minimum Commitment 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 was terminating its option on the project effective May 8, 2023.

As at May 31, 2023, Newcrest had advanced US $594,830 ($809,147) towards the Minimum Commitment and incurred US $574,304 ($781,226) 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 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. On June 6, 2023, the Company signed a surface rights agreement with the owner of certain surface estate fee lands within the project boundaries (Note 16(a)).

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 (US $924,461 incurred) 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% 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 May 31, 2023, Newcrest has advanced US $2,780,759 ($3,782,666) towards the Minimum Commitment and incurred US $924,461 ($1,257,544) 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 311 mineral claims totalling 2,600 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 (US $2,788,152 incurred) 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 May 31, 2023, Newcrest has advanced US $3,819,518 ($5,195,690) towards the Minimum Commitment and incurred US $2,788,152 ($3,792,723) in earn-in expenditures on the Spring Peak project (Note 9).

(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"):

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

- 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.

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.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Nevada Properties (continued)

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 (paid) 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 (US $6,197 incurred) 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.

As at May 31, 2023, Newcrest has advanced $nil towards the Minimum Commitment and incurred US $6,197 ($8,430) in earn-in expenditures on the Lodestar project (Note 9).

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.

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

d) Oregon Properties (continued)

(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 (US $323,943 incurred) 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% 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 May 31, 2023, Newcrest has advanced US $1,121,579 ($1,525,684) towards the Minimum Commitment and incurred US $323,943 ($440,659) 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.

(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 three months ended May 31, 2023, depreciation of the right-of-use assets was $45,939 (2023: $115,561). 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 May 31, 2023 and February 28, 2023 and the changes for the periods then ended is presented below:

	Office $	Warehouse $	Vehicle $	Right-Of-Use Assets $
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
Depreciation	(29,266)	(11,158)	(5,515)	(45,939)
Foreign exchange	(90)	(75)	(39)	(204)
Balance, May 31, 2023	130,881	93,226	50,623	274,730

(Expressed in Canadian Dollars)

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

For the three months ended May 31, 2023, interest expense on the lease liability was $7,147 (2023: $19,264). A summary of the Company's lease liability by class of assets at May 31, 2023 and February 28, 2023 and the changes for the periods then ended is presented below:

	Office $	Warehouse $	Vehicle $	Lease Liability $
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
Lease payments	(37,002)	(12,211)	(6,143)	(55,356)
Accretion	3,621	2,532	994	7,147
Foreign exchange	(87)	(74)	(38)	(199)
Balance, May 31, 2023	135,163	99,135	52,972	287,270

	Office $	Warehouse $	Vehicle $	Lease Liability $
Current portion of lease liabilities	57,913	43,684	21,618	123,215
Non-current portion of lease liabilities	77,250	55,451	31,354	164,055
Balance, May 31, 2023	135,163	99,135	52,972	287,270

At May 31, 2023, the annual maturities of undiscounted lease payments is presented below:

	Office $	Warehouse $	Vehicle $	Lease Liability $
May 31, 2024	67,779	51,215	24,636	143,630
May 31, 2025	58,050	53,769	24,636	136,455
May 31, 2026	24,468	4,499	8,212	37,179
May 31, 2027	-	-	-	-
May 31, 2028	-	-	-	-
Total	150,297	109,483	57,484	317,264
Effect of discounting	(15,134)	(10,348)	(4,512)	(29,994)
Lease liability	135,163	99,135	52,972	287,270

The Company expensed $nil (2023: $32,230) in short-term leases included in office expenses and recovered $42,052 (2023: $97,795) in rental income from right-of-use assets used by sub-tenants for the three months ended May 31, 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).

	May 31, 2023 $	February 28, 2023 $
Cash received from Newcrest earn-in expenditures	11,313,188	5,649,713
Management fees receivable	431,660	-
Earn-in expenditures incurred	(6,280,583)	(5,466,700)
Earn-in expenditure commitment	5,464,265	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 period ended May 31, 2023:

(i) 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.

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

(ii) 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 were 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.

(iii) 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.

(iv) 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)

b) Reserves

	May 31, 2023 $	February 28, 2023 $
Fair value of stock options granted or vested	946,394	824,881
Fair value of warrants issued	13,693	13,693
Reserves	977,695	838,574

c) Share Purchase Warrants

A summary of the Company's share purchase warrants at May 31, 2023 and February 28, 2023 and the changes for the periods then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at February 28, 2022	-	-
Issue of warrants	3,644,960	$0.55
Balance at February 28, 2023 and May 31, 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).

As at May 31, 2023 and February 28, 2023, the Company had outstanding and exercisable warrants as follows:

May 31, 2023	February 28, 2023	Exercise Price per Share	Expiry Date
3,644,960	3,644,960	$0.55	February 15, 2025

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 May 31, 2023, the Company held 6,026,753 shares in escrow.

(Expressed in Canadian Dollars)

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 May 31, 2023 and February 28, 2023 and the changes for the periods then ended is presented below:

	May 31, 2023		February 28, 2023	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	5,400,000	$0.22	4,855,000	$0.21
Granted	550,000	$0.38	645,000	$0.27
Exercised	(100,000)	$0.27	(100,000)	$0.10
Ending balance	5,850,000	$0.23	5,400,000	$0.22

On March 16, 2023, the Company granted 550,000 stock options exercisable at $0.38 per share to a director, officer, employees and consultants of the Company. The options vested immediately.

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.

Details of stock options outstanding as at May 31, 2023 and February 28, 2023 are as follows:

Expiry Date	Exercise Price	May 31, 2023	February 28, 2023	Weighted Average Remaining Contractual Life (Years)
July 24, 2024	$0.10	1,400,000	1,400,000	1.15
September 1, 2024	$0.10	100,000	100,000	1.26
August 12, 2025	$0.20	1,300,000	1,300,000	2.20
November 24, 2025	$0.22	735,000	735,000	2.49
July 2, 2026	$0.36	1,220,000	1,220,000	3.09
October 28, 2027	$0.27	545,000	645,000	4.41
March 16, 2028	$0.38	550,000	-	4.80
		5,850,000	5,400,000	2.61

The weighted average remaining contractual life of stock options outstanding at May 31, 2023 was 2.61 years (2023: 2.67 years).

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Years Ended

The weighted average fair value at grant date of options granted during the period ended May 31, 2023 was $0.253 per option (2023: $0.176 per option). The total fair value of options granted during the period was $139,121 (2023: $113,572). During the period ended May 31, 2023, $139,121 (2023: $113,572) 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:

	May 31, 2023	February 28, 2023
Expected stock price volatility	82%	79%
Risk-free interest rate	2.92%	3.31%
Dividend yield	-	-
Expected life of options	5 years	5 years
Stock price on date of grant	$0.38	$0.270
Forfeiture rate	-	-

12. 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	151,482	106,798
Share-based payments	31,618	-
Total key management compensation	183,100	106,798

The Company has entered into a Management Agreement with a company controlled by the President and Chief Executive Officer effective January 1, 2023 for no fixed term. As compensation for the services to be provided, the company controlled by the President will receive a performance bonus of US $40,000 and a monthly fee of US $14,500 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. During the period ended May 31, 2023, the Company paid $59,021 (2022: $49,577) in fees to the company controlled by the President.

12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a) Key Management Compensation (continued)

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 period ended May 31, 2023, the Company paid $15,000 (2022: $25,578) in fees and benefits 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 period ended May 31, 2023, the Company paid $19,500 (2022: $19,644) in salary and benefits 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 period ended May 31, 2023, the Company paid $45,962 (2022: $nil) in fees to the VPX.

During the period ended May 31, 2023, the Company recorded $12,000 (2023: $12,000) in director fees payable to three directors.

b) Related Party Payables

As at May 31, 2023, the Company has $50,117 (2023: $45,734) 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.

c) Related Party Receivables

As at May 31, 2023 the Company has $8,756 (2022: $12,986) 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 period ended May 31, 2023, the Company charged office rent of $12,000 (2023: $7,500) 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.

(Expressed in Canadian Dollars)

13. 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:

	May 31, 2023		February 28, 2023	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	8,485,172	8,485,172	4,369,122	4,369,122
Amortized cost assets (ii)	440,416	440,416	37,368	37,368
Amortized cost liabilities (iii)	6,007,325	6,007,325	775,113	775,113

(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 May 31, 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	5,517,397	-	-	5,517,397
Term deposits	2,895,000	-	-	2,895,000
Marketable securities	72,775	-	-	72,775

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

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 May 31, 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 14. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

The following are the contractual maturities of financial liabilities as at May 31, 2023:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade and other payables	225,796	225,796	225,796	-	-	-
Lease liabilities	287,270	317,264	143,630	136,455	37,129	-
Other liabilities	5,464,265	5,464,265	-	5,464,265	-	-

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.

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 May 31, 2023, with all other variables held constant:

	Impact of currency rate change on pre-tax loss	
	10% increase $	**10% decrease $**
Cash	526,156	(526,156)
Amounts and other receivable	43,636	(43,636)
Trade and other payables	(16,801)	16,801
Lease liability	(30,593)	30,593
Other liabilities	(546,427)	546,427

(Expressed in Canadian Dollars)

14. 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.

15. 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:

	May 31, 2023			February 28, 2023		
	Canada $	USA $	Total $	Canada $	USA $	Total $
Current assets	3,329,322	6,350,784	9,680,106	3,506,250	1,047,912	4,554,162
Right-of-use-assets	11,283	263,447	274,730	28,209	292,664	320,873
Property & equipment	13,106	60,158	73,264	14,185	60,987	75,172
E&E assets	-	3,605,993	3,605,993	-	3,656,154	3,656,154
Deposits	-	166,007	166,007	-	166,080	166,080
Total assets	3,353,711	10,446,389	13,800,100	3,548,644	5,223,797	8,772,441
Total liabilities	84,088	5,935,449	6,019,537	113,013	702,147	815,160

16. SUBSEQUENT EVENTS

a) 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.

16. SUBSEQUENT EVENTS (CONTINUED)

b) Lease Extension

Subsequent to period end, the Company entered into an agreement to extend its office lease for a six month term to expire on January 31, 2024.