CLARITY METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023, AND 2022

(Unaudited- Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Clarity Metals Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity’s auditor.

CLARITY METALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

As at		June 30, 2023		December 31, 2022
ASSETS				
CURRENT ASSETS				
Cash	$	59,576	$	1,085,019
Receivables and prepaid expenses (Notes 3, 9)		81,946		190,274
		141,522		**1,275,293**
NON-CURRENT ASSETS				
Exploration and evaluation assets (Note 4)		1,445,559		1,364,263
TOTAL ASSETS		**1,587,081**		**2,639,556**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Notes 5,9)		541,285		520,383
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		12,180,936		11,759,640
Reserves (Note 6)		150,317		1,334,485
Accumulated deficit		(11,285,457)		(10,974,952)
		1,045,796		**2,119,173**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**1,587,081**	**$**	**2,639,556**

Nature of operations (Note 1)

Approved on behalf of the Board of Directors on August 18, 2023:

"Ron Schmitz" Director
Ron Schmitz

"Rose Zanic" Director
Rose Zanic

The accompanying notes are integral to these condensed interim financial statements

CLARITY METALS CORP.
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
EXPENSES				
Consulting fees (Note 9)	$ 90,924	$ 60,000	$ 155,924	$ 141,750
Exploration expenditures (Notes 4, 9)	45,687	120,431	115,432	129,818
Foreign exchange loss	198	(423)	3,034	242
Marketing	10,080	-	591,756	7,664
Office and administration	21,370	23,626	67,684	48,388
Professional fees (Note 9)	78,223	63,946	174,754	123,759
Transfer agent, registration and filing fees	13,056	8,809	17,546	12,709
Travel	2,467	743	2,467	743
Shareholder communications	-	-	-	4,830
Share-based compensation (Notes 6, 9)	137,500	2,395	325,000	4,790
	(399,505)	(279,527)	(1,453,597)	(474,693)
Other income				
Recovery of flow-through premium (Note 7)	-	2,319	-	2,734
Gain on Settlement of Debt	-	-	8,924	-
Loss and comprehensive loss for the period	$ (399,505)	$ (277,208)	$ (1,444,673)	$ (471,959)
Basic and diluted loss per share	**$ (0.01)**	**$ (0.01)**	**$ (0.03)**	**$ (0.02)**
Weighted average number of common shares outstanding- basic and diluted	**44,172,777**	**28,142,592**	**43,831,694**	**28,142,592**

The accompanying notes are integral to these condensed interim financial statements.

CLARITY METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total
Balance, December 31, 2021	28,142,592	$ 10,033,096	$ 1,464,524	$ (8,538,350)	$ 2,959,270
Share-based compensation	-	-	4,790	-	4,790
Net loss for the period	-	-	-	(471,959)	(471,959)
Balance, June 30, 2022	28,142,592	10,033,096	1,469,314	(9,010,309)	2,492,101
Shares issued for cash	10,000,000	1,000,000	-	-	1,000,000
Share issue cost	-	(5,100)	-	-	(5,100)
Fair market value of issued agent options	-	(5,606)	5,606	-	-
Shares issued for acquisition of exploration and evaluation assets	5,220,000	737,250	-	-	737,250
Share-based compensation	-	-	194,711	-	194,711
Recovery on cancellation of stock options	-	-	(335,146)	335,146	-
Net Loss for the period	-	-	-	(2,299,789)	(2,299,789)
Balance, December 31, 2022	43,362,592	11,759,640	1,334,485	(10,974,952)	2,119,173
Share issued for acquisition of exploration and evaluation assets	185,185	46,296	-	-	46,296
Restricted Share Units	2,500,000	375,000	(375,000)	-	-
Share-based compensation	-	-	325,000	-	325,000
Recovery on cancellation of stock options	-	-	(1,134,168)	1,134,168	-
Net loss for the period	-	-	-	(1,444,673)	(1,444,673)
Balance, June 30, 2023	46,047,777	$ 12,180,936	$ 150,317	$ (11,285,457)	$ 1,045,796

The accompanying notes are integral to these condensed interim financial statements

CLARITY METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

For the six months ended,	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,444,673)	$ (471,959)
Add items not affecting cash:		
Share-based compensation	325,000	4,790
Recovery of flow-through premium	-	(2,734)
Non-cash working capital changes:		
Receivables and prepaid expenses	108,328	31,027
Accounts payable and accrued liabilities	20,902	(2,349)
Net cash used in operating activities	**(990,443)**	**(441,225)**
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of exploration and evaluation assets	(35,000)	-
Net cash used in investing activity	**(35,000)**	**-**
Decrease in cash during the period	**(1,025,443)**	**(441,225)**
Cash, beginning of the period	**1,085,019**	**2,750,286**
Cash, end of the period	**$ 59,576**	**$ 2,309,061**

Note 10 – Supplemental disclosures with respect to cash flows.

The accompanying notes are integral to these condensed interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Clarity Metals Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. The Company's head office and registered office are located at Suite 1680, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

On June 29, 2020, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "CLAR". On July 1, 2020, the Company's common shares commenced trading on the OTC Pink Sheets Market under the trading symbol "CLGCF".

On December 12, 2022, the Company's name changed from Clarity Gold Corp. to Clarity Metals Corp. and resumed trading under the new symbol "CMET" on the CSE.

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of mineral projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company incurred a net loss and comprehensive loss of $1,444,673 for the period ended June 30, 2023 (2022 - $471,959) and has an accumulated deficit of $11,285,457 (December 31, 2022 - $10,974,952) and is expected to incur further losses in the development of its business, all of which may cast significant doubt about its ability to continue as a going concern. As at June 30, 2023, the Company had a working capital deficit of $399,763 (December 31, 2022 – Working capital $754,910). These statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance to International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared following the same accounting policies applied to the Company's audited financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

b) Basis of presentation

These condensed interim financial statements are prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign currency translation

The Company's reporting and functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, The Effect of Changes in Foreign Exchange Rates.

d) Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period.

e) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these condensed interim financial statements are discussed below:

Fair value of common shares issuance

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining the fair value of assets received when common shares are issued as consideration. If the fair value of assets received or services rendered cannot be reliably measured, the transaction will be recorded at the fair value of common shares issued on the date of issuance.

Impairment of Exploration and Evaluation assets

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its exploration and evaluation assets, management has determined that the evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation assets as at June 30, 2023.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

e) Significant accounting judgments, estimates and assumptions (continued)

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, changes in subjective input assumptions can materially affect the fair value estimate.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

3. RECEIVABLES AND PREPAID EXPENSES

		June 30, 2023		December 31, 2022
GST receivable	$	10,718	$	104,847
Prepaid expenses		27,428		85,427
Exploration advances		16,200		-
Deposits (Note 4)		27,600		-
	$	81,946	$	190,274

4. EXPLORATION AND EVALUATION ASSETS

<u>Fecteau Property</u>

On November 21, 2022, and subsequently amended on February 1, 2023, the Company entered in an assignment and assumption agreement (the "Fecteau Agreement") among Opus One Resources Corp. ("Opus One") and the two original optionors (the "Fecteau Optionors"), to acquire a 100% interest in the Fecteau Property located in the Province of Quebec.

The Fecteau Property consists of one claim block containing 107 claims for a total of 5,979.02 hectares in the Urban-Barry Windfall mining district.

As consideration for this acquisition, the Company paid $95,000 as cash and issued 185,185 common shares with a fair value of $46,296.

In addition, the Company has entered into a royalty agreement with the Optionors pursuant to which the Company granted:

(a) a 2.0% net smelter return royalty (the "Full Royalty") to the Optionors with respect to production of all precious metals from the mineral claims comprising the Property, other than from certain excluded claims (the "Excluded Claims"); and

4. EXPLORATION AND EVALUATION ASSETS (continued)

Fecteau Property (continued)

(b) a 1.0% net smelter return royalty to the Optionors with respect to production of all precious metals from the Excluded Claims. At any time and at the sole discretion of the Company, the Company may reduce the Full Royalty from 2.0% to 1.0% by paying the Optionors or their permitted assign(s) a cash payment of $1,500,000.

In connection with the execution of the Fecteau Agreement, the Company paid an arm’s length finder an aggregate of 250,000 common shares as finder’s fee with a fair value of $41,250.

Lithium381 Property

On December 6, 2022, the Company entered into an option agreement (the “Lithium Agreement") with Genius Metals Inc. (“Genius”), an arm’s length public company listed on the TSX Venture Exchange, to earn an undivided 50% right, title, ownership and beneficial interest in the Lithium381 Property (“Lithium381" or “KM381") located in the Province of Quebec.

Lithium381 comprises 21 mineral claims covering approximately 1107 hectares located in the James Bay Region of Northern Quebec.

Pursuant to the Lithium Agreement, the Company must:

(a) incur and aggregate of $750,000 in exploration expenditures on or before December 31, 2024, inclusive of the deposit of $25,000 provided by the Company to Genius on November 25, 2025; and

(b) issue an aggregate of 720,000 common shares of the Company which will be subject to a voluntary escrow to be released as to 90,000 common shares every four months. – *Issued during the year ended December 31, 2022.*

During the year ended December 31, 2022 the Company issued 720,000 common shares to Genius with a fair value of $126,000.

In connection with the execution of the Lithium Agreement, the Company paid an arm’s length finder an aggregate of 250,000 common shares as finder’s fee with a fair value of $50,000.

Newfoundland Properties

On August 23rd, 2022, the Company entered into an agreement (the “Newfoundland Agreement”) with two arm’s length vendors, to acquire the Eddies Cove MVT Project (“Eddies Coves”), the Harp Lake Nickel Project (“Harp Lake”), and the Hare Bay Nickel Project (“Hare Bay”), together (the “Newfoundland Properties”).

Eddies Cove comprises of 450 ha of mineral claims and is located 57 kilometres west of the town of Saint Anthony in Northwestern Newfoundland.

Harp Lake Property that comprises of 3,452.5 ha of mineral claims and is located in the Central Northern Labrador, 100 kilometres West of Hopedale and 100 kilometres South-West of Natuashish and 210 kilometres Northwest of Goose Bay.

Hare Bay is located 15 kilometres West of St. Anthony, North-Western Newfoundland and has 750 ha of mineral claims.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Newfoundland properties (continued)

As consideration for this acquisition, the Company paid $15,000 as cash and issued 4,000,000 common shares with a fair value of $520,000 which was allocated proportionally among the three properties based on the total hectares. The Newfoundland Properties are in different geographic locations and are therefore considered to be separate CGU's.

As at June 30, 2023, the Company held $27,600 (December 31, 2022 - $nil) in deposits with the Government of Newfoundland. The deposits were required in lieu of work commitments on several mineral licenses.

Upon completion of the work commitment and submission of an assessment report the deposit will be returned to the Company.

Empirical Project

The initial Empirical Project ("Empirical") consists of three unpatented mineral claims which are located in the Lillooet Mining Division of British Columbia, Canada.

On July 2, 2020, the Company paid $7,013 to stake two unpatented mineral claims, which are adjacent and contiguous to the west and south of the Empirical Project.

On July 5, 2020, the Company acquired an additional unpatented mineral claim, which is adjacent and contiguous to the east of the Empirical Project. As consideration for the acquisition, the Company paid $3,334 cash, and issued 416,667 common shares with a fair value of $158,334 to an arm's length private company.

The Empirical Project now totals 6 unpatented mineral claims.

Pursuant to the terms of the Option Agreement dated October 16, 2019 (the "Agreement"), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims by making the following payments to Longford Capital Corp. (the "Optionor"), a company controlled by the CEO:

- Issue 2,000,000 common shares by October 22, 2019 (issued at a value of $10,000)
- Pay $50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2020)
- Incur a minimum of $80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
- Incur a minimum of $200,000 in exploration costs on Empirical by October 1, 2021 (incurred)

The Optionor retains a 2% net smelter royalty ("NSR") payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying $1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 kilometre area of influence provision pursuant to which any claims staked by the Company within 5 kilometres of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

Gretna Green Project

On July 5, 2020, the Company acquired the Gretna Green Project, which is comprised of one mineral claim located 24 kilometres southwest of Port Alberni, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,666 common shares with a fair value of $158,333 to an arm's length private company.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Tyber Project

On July 5, 2020, the Company acquired the Tyber Project, which is comprised of one mineral claim located 1.4 kilometres south of Arrowsmith Lake, British Columbia. As consideration for the acquisition, the Company paid $3,333 cash, and issued 416,667 common shares with a fair value of $158,333 to an arm's length private company.

The following table is a reconciliation of exploration and evaluation assets for the period ended June 30, 2023.

	Acquisition costs December 31, 2022	Additions Cash	Additions Shares	Acquisition costs June 30, 2023
Lithium 381	$ 176,000	$ -	$ -	$ 176,000
Fecteau Project	101,250	35,000	46,296	182,546
Empirical Project	228,681	-	-	228,681
Gretna Project	161,666	-	-	161,666
Tyber Project	161,666	-	-	161,666
Eddies Cove Project	51,747	-	-	51,747
Harp Lake Project	397,009	-	-	397,009
Hare Bay Project	86,244	-	-	86,244
	$ 1,364,263	$ 35,000	$ 46,296	$ 1,445,559

The following table is a reconciliation of exploration and evaluation assets for the year ended December 31, 2022.

	Acquisition costs December 31, 2022	Additions Cash	Additions Shares	Acquisition costs June 30, 2023
Lithium 381	$ -	$ -	$ 176,000	$ 176,000
Fecteau Project	-	60,000	41,250	101,250
Empirical Project	228,681	-	-	228,681
Gretna Project	161,666	-	-	161,666
Tyber Project	161,666	-	-	161,666
Eddies Cove Project	-	1,451	50,296	51,747
Harp Lake Project	-	11,131	385,878	397,009
Hare Bay Project	-	2,418	83,826	86,244
	$ 552,013	$ 75,000	$ 737,250	$ 1,364,263

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the period ended June 30, 2023, the Company incurred exploration costs as follows:

Exploration Expenditures	Fecteau Project	Lithium381 Project	Gretna Green Project	Tyber Project	Total
Administration	$ -	$ -	$ 2,463	$ 1,801	$ 4,264
Assays	-	-	-	279	279
Database Maintenance	480	480	-	-	960
Drilling	18,018	-	-	-	18,018
Field expenditures	-	9,925	151	124	10,200
Geological consulting	-	-	10,225	10,225	20,450
Licences and permits	3,875	5,602	-	-	9,477
Meals and lodging	-	-	840	710	1,550
Mobilization	-	-	3,000	3,000	6,000
Survey	35,000	5,075	-	-	40,075
Transportation	-	-	490	3,669	4,159
	$ 57,373	$ 21,082	$ 17,169	$ 19,808	$ 115,432

During the period ended June 30, 2022, the Company incurred exploration costs as follows:

Exploration Expenditures	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total
Property access payments	$ 100,000	$ -	$ -	$ -	$ 100,000
Database maintenance	10,800	-	-	-	10,800
Licences and permits	3,387	9631	3,000	3,000	19,018
	$ 114,187	$ 9,631	$ 3,000	$ 3,000	$ 129,818

5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
Accounts payable (Note 9)	$ 345,935	$ 269,724
Accrued liabilities	195,350	250,659
	$ 541,285	$ 520,383

6. SHARE CAPITAL

Authorized

The authorized share capital consists of an unlimited number of common and preferred shares without par value.

As at June 30, 2023, the total common shares outstanding are 46,047,777 (December 31, 2022 – 43,362,592) and nil preferred shares issued.

6. SHARE CAPITAL (continued)

Escrowed shares

As at June 30, 2023, the Company had 630,000 shares in escrow. Increments of 90,000 shares will be released every four months beginning August 6, 2023.

These escrow shares may not be transferred, assigned, or otherwise dealt without the consent of regulatory authorities.

Share issuances

Six-month period ended June 30, 2023

Shares issued for Quebec Properties

On February 2, 2023, the Company issued 185,185 common shares with a fair value of $46,296 as project acquisition cost pursuant to the Fecteau Agreement (Note 4).

On June 7, 2023, the Company issued 2,500,000 common shares with a fair value of $375,000 upon vesting of 2,500,000 RSU's in accordance with the Company's LTIP (Note 6).

Year ended December 31, 2022:

Shares issued for Newfoundland Properties

On August 23, 2022, the Company issued 4,000,000 common shares with a fair value of $520,000 as project acquisition costs pursuant to the Newfoundland Agreement (Note 4).

Shares issued for Quebec Properties

On December 19, 2022, the Company issued 250,000 finder's shares with a fair value of $50,000 as project acquisition costs in connection with the Lithium 381 project (Note 4).

On December 28, 2022, the Company issued 250,000 finder's shares with a fair value of $41,250 as project acquisition costs pursuant to the Fecteau Agreement (Note 4).

On December 29, 2022, the Company issued 720,000 common shares with a fair value of $126,000 as project acquisition costs pursuant to the Lithium 381 Agreement (Note 4).

Private placements

On December 28, 2022, the Company completed a non-brokered private placement of 10,000,000 units at a price of $0.10 per unit ("Units") for gross proceeds of $1,000,000. Each Unit consisted of one common share in the capital of the Company and one common share purchase warrant. Each share purchase warrant is exercisable into one additional common share at a price of $0.12 per common share until December 28, 2025.

The Company paid cash finder's fees of $5,100 and issued 51,000 agent options with a fair value of $5,606, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of $0.12 per common share until December 28, 2025. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 92.96%, expected life of 3 years, and a risk-free rate of 3.77%.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Warrants

The following is a summary of the Company's warrant activity:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2021	**3,144,648**	**1.03**
Issued	10,000,000	0.12
Expired	(3,144,648)	1.03
Balance, December 31, 2022 and June 30, 2023	**10,000,000**	**0.12**

Agent options

The following is a summary of the Company's agent options activity:

	Number of agent options	Weighted average exercise price $
Balance, December 31, 2021	**1,044,583**	**0.58**
Granted	51,000	0.12
Expired	(1,044,583)	0.58
Balance, December 31, 2022 and June 30, 2023	**51,000**	**0.12**

Options

The following is a summary of the Company's options activity:

	Number of options	Weighted average exercise price $
Balance, December 31, 2021	**1,600,000**	**1.23**
Granted	1,600,000	0.14
Balance, December 31, 2022	**3,200,000**	**0.69**
Cancelled	(1,600,000)	1.23
Balance, June 30, 2023	**1,600,000**	**0.14**

As of June 30, 2023, the Company had 1,600,000 options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry date	Exercise Price $	Remaining life (years)	Number of options outstanding	Number of options exercisable
December 7, 2025	0.14	2.44	1,600,000	1,600,000

6. SHARE CAPITAL (continued)

Options (continued)

During the period ended June 30, 2023, the Company did not grant any stock options and recognized $nil (2022 - $4,790) in share-based compensation for stock options grants.

During the year ended December 31, 2022 the Company granted 1,600,000 share options to two consultants. Each option is exercisable at $0.14 per share until December 7, 2025. All of the options vested upon date of grant. The estimated fair value of the options was $144,711 measured using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.15 exercise price- $0.14, expected life – 3 years, volatility – 90.34%, dividend yield - $0, and risk free rate – 3.48%.

Restricted Share Units

The Company has a long-term incentive plan (“LTIP”). The restricted share units (“RSUs”) granted under the LTIP entitles directors, officers or employees to common shares of the Company upon vesting, based on vesting terms determined by the Company’s Board of Directors at the time of grant.

During the year ended December 31, 2022, the Company granted an aggregate of 2,500,000 RSUs which vest on June 7, 2023. For the period ended June 30, 2023, the Company recognized $325,000 (2022 - $nil) in share-based compensation related to the RSUs.

7. FLOW-THROUGH SHARE LIABILITY AND RECOVERY OF FLOW THROUGH PREMIUM

During the year ended December 31, 2021 the Company raised $3,040,646 through the issuance of 2,054,405 flow-through shares in a private placement, recording $801,218 in flow through premium. During year ended December 31, 2022, the Company:

- Incurred eligible flow-through expenditures of $1,810,875.
- Reported a recovery of flow-through premium of $380,637, and as at December 31, 2022 had a remaining flow-through liability of $nil.

As at June 30, 2023 and December 31, 2022, the Company had $nil in unspent flow-through funds.

In accordance with the flow-through share agreements, the Company may be required to indemnify the holders of any such shares any tax and other costs payable to them in the event the Company does not fulfil its flow through expenditure requirements.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts. The Company’s cash is deposited in bank accounts held with major banks in Canada.

8. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

As most of the Company's cash is held by the banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at June 30, 2023, the Company has cash of $59,576 (December 31, 2022 - $1,085,019) to settle $541,285 (December 31, 2022 - $520,383) in accounts payable and accrued liabilities.

Currency risk

The Company currently has minimal foreign exchange risk as it conducts the majority of its business within Canada in Canadian dollars.

Interest rate risk

The Company is not currently exposed to significant interest rate risk.

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 provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the 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 or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements and there were no changes in the Company's capital management during the period ended June 30, 2023.

Fair value hierarchy

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

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

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

8. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy (continued)

The fair value of the Company's financial instruments which includes cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these financial instruments. Lease liability is classified as level 3.

9. RELATED PARTY TRANSACTIONS

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

As at June 30, 2023, $144,494 (December 31, 2022 - $45,222) was included in accounts payable and accrued liabilities owing to directors, officers, and companies controlled or affiliated with directors and officers of the Company. Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, and exploration and evaluation costs. These amounts are due to a director and two companies controlled by two directors. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company has identified all directors and officers as its key management personnel. The following are the transactions with related parties during the period ended June 30, 2023 and 2022:

For the six-month period ended,		**June 30, 2023**		**June 30, 2022**
Consulting fees to a company controlled by a Director and CEO of the Company	$	60,000	$	60,000
Director fees to a company controlled by a Director of the Company		9,000		9,000
Director fees paid to a current Director of the Company		1,500		-
Director fees paid to a former Director of the Company		12,000		-
Accounting fees to a company that employs the CFO of the Company		30,000		30,000
Rent costs to a company controlled by a Director and CEO of the Company.		24,000		27,000
Exploration expenditures charged by a company controlled by a Director and CEO of the Company		6,000		12,000
Share based payments to officers and directors of the Company		234,000		-
	$	376,500	$	138,000

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the period ended June 30, 2023 the Company:

- issued 185,185 common shares with a fair value of $46,296 as project acquisition cost pursuant to the Fecteau Agreement.

- issued 2,500,000 common shares with a fair value of $325,000 upon vesting of 2,500,000 RSU's (Note 6).

The Company did not have any significant non-cash transactions during the six-month period ended June 30, 2022.

During the six-month period ended June 30, 2023, the Company paid $nil (2022 - $nil) interest and taxes.

11. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the acquisition and exploration of mineral properties. As at June 30, 2023 all the Company's assets were located in Canada.