Element79 Gold Corp.

Consolidated Financial Statements

For the Years Ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

SHIM

SHIM & Associates LLP
Chartered Professional Accountants
Suite 900 – 777 Hornby Street
Vancouver, B.C. V6Z 1S4
T: 604 559 3511 **| F:** 604 559 3501

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Element79 Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Element79 Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
February 1, 2023

Element79 Gold Corp.
Consolidated Statements of Financial Position
As at August 31, 2022 and 2021
(Expressed in Canadian dollars)

	Notes	2022	2021
		$	$
ASSETS			
Current assets			
Cash		5,021	302,234
Amounts receivable		96,633	19,810
Prepaid expenses		19,101	244,022
Total current assets		120,755	566,066
Exploration and evaluation assets	5	26,091,770	89,750
Deferred financing charges	6	740,451	358,724
Total assets		26,952,976	1,014,540
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	1,334,656	412,655
Loans payable	7	2,518,082	-
Current portion of provisions	9	654,790	-
Total current liabilities		4,507,528	412,655
Provisions	9	5,422,580	-
Total liabilities		9,930,108	412,655
Equity			
Share capital	11	19,836,469	884,356
Share subscriptions received in advance	6,11	1,670,000	-
Contributed surplus	11	908,007	356,987
Foreign currency translation reserve		204,910	-
Deficit		(5,596,518)	(639,458)
Total equity		17,022,868	601,885
Total equity and liabilities		26,952,976	1,014,540

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 17)
Subsequent events (Note 20)

APPROVED BY THE BOARD:

"Neil Pettigrew" | *"Shane Williams"*
Neil Pettigrew | Shane Williams

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

Element79 Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

	Notes	2022	2021
		$	$
Expenses			
Consulting fees		709,031	23,839
Exploration cost		1,525,260	-
Investor Relations and marketing		549,357	88,959
Listing and filing fees		89,510	52,633
Management and director fees	10	385,877	126,000
Office expenses		509,621	40,541
Professional fees		634,007	145,471
Share-based compensation	10,11	551,020	148,263
Net loss before other items		(4,953,683)	(625,706)
Other Items			
Gain on settlement of debt	11	89,775	-
Financial expenses	7	(18,082)	-
Accretion expense	9	(83,380)	-
Exchange gain/loss		8,310	-
Net loss for the year		(4,957,060)	(625,706)
Other comprehensive loss			
Foreign currency translation		204,910	-
Comprehensive loss for the year		(4,752,150)	(625,706)
Loss per share			
Basic and diluted	12	(0.09)	(0.02)
Weighted average number of common shares issued and outstanding	12	53,848,309	32,921,520

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

Element79 Gold Corp.
Consolidated Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021
(Expressed in Canadian dollars)

	2022	2021
	$	$
OPERATING ACTIVITIES		
Loss for the period	(4,957,060)	(625,706)
Non-cash items		
Gain on settlement of debt	(89,775)	-
Accretion expense	83,380	-
Shares issued for consulting fees	-	2,500
Share-based compensation	551,020	148,263
Financial expense	18,082	-
Changes in operating working capital:		
Increase in amounts receivable	(27,111)	(19,160)
Decrease (increase) in prepaid expenses	224,921	(234,022)
Increase in trade payables and accrued liabilities	1,218,989	406,655
Cash used in operating activities	(2,977,554)	(321,470)
INVESTING ACTIVITIES		
Exploration and evaluation properties expenditures	(2,478,441)	(55,809)
Cash paid for the acquisition of Goldco	(300,000)	-
Cash received from acquisition of Calipuy	24,946	-
Cash used in investing activities	(2,753,495)	(55,809)
FINANCING ACTIVITIES		
Issuance of common shares	1,000,000	617,132
Share issue costs	-	(3,876)
Share subscriptions received in advance	1,670,000	-
Loan received	2,500,000	-
Cash provided from financing activities	5,170,000	613,256
Effect of foreign exchange translation	263,836	-
Increase (decrease) in cash	(297,213)	235,977
Cash, beginning of the year	302,234	66,257
Cash, end of the year	5,021	302,234

Supplemental cash flow information (Note 13)

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

Element79 Gold Corp.

Consolidated Statements of Changes in Equity
For the Year Ended August 31, 2022 and 2021

(Expressed in Canadian dollars)

	Number of common shares	Common shares	Share subscriptions received in advance	Contributed surplus	AOCI	Deficit	Total
		$	$	$		$	$
Balances, August 31, 2020	**10,080,001**	**51,600**	**63,000**	**-**	**-**	**(13,752)**	**100,848**
					-		
Shares issued for cash	30,521,320	680,132	(63,000)	-	-	-	617,132
Shares issued for exploration and evaluation assets	200,001	4,000	-	-	-	-	4,000
Shares issued for consulting fees	50,000	2,500	-	-	-	-	2,500
Shares issued for financing fees	3,000,000	150,000	-	-	-	-	150,000
Share issue costs	-	(3,876)	-	-	-	-	(3,876)
Warrants issued for financing fees	-	-	-	208,724	-	-	208,724
Share-based compensation	-	-	-	148,263	-	-	148,263
Net loss for the year	-	-	-	-	-	(625,706)	(625,706)
Balances, August 31, 2021	**43,851,322**	**884,356**	**-**	**356,987**	**-**	**(639,458)**	**601,885**
Shares issued for exploration and evaluation assets	5,126,030	5,533,392	-	-	-	-	5,533,392
Shares issued for acquisition of Calipuy	19,165,484	8,911,950	-	-	-	-	8,911,950
Shares issued for acquisition of Goldco	2,525,000	2,802,750	-	-	-	-	2,802,750
Shares issued for financing fees	533,333	464,000	-	-	-	-	464,000
Shares issued for debt settlement	686,746	322,294	-	-	-	-	322,294
Shares subscribed	-	-	5,170,000	-	-	-	5,170,000
Share issued for subscriptions received in advance	1,564,945	1,000,000	(1,000,000)	-	-	-	-
Reclassification of share subscriptions to loans payable as per agreement amendment	-	-	(2,500,000)	-	-	-	(2,500,000)
Share issue cost	-	(82,273)	-	-	-	-	(82,273)
Share-based compensation	-	-	-	551,020	-	-	551,020
Foreign currency translation reserve	-	-	-	-	204,910	-	204,910
Net loss for the year	-	-	-	-	-	(4,957,060)	(4,957,060)
Balances, August 31, 2022	**73,452,860**	**19,836,469**	**1,670,000**	**908,007**	**204,910**	**(5,596,518)**	**17,022,868**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Element79 Gold Corp. ("Element79" or the "Company") was incorporated under the Company Act (British Columbia) on February 27, 2020. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

The address of the Company's corporate office and principal place of business is Suite 230, 997 Seymour Street, Vancouver B.C., V6B 3M1.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at August 31, 2022, the Company had cash of $5,021 (2021 - $302,234), liabilities of $9,930,108 (2021 - $412,655) and incurred accumulated losses of $5,596,518 (2021 - $639,458) since inception.

The Company is a mineral exploration company focusing on the acquisition and development of mineral property interests. The Company's continuation as a going concern and the underlying value and recoverability of the carrying amounts for exploration and evaluation assets are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to raise equity capital or borrowings sufficient to meet current and future obligations and to complete the exploration and development of mineral property interests, and achievement of future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

2. BASIS OF PREPARATION

Basis of presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, except where otherwise indicated, and all values are rounded to the nearest dollar.

Statement of compliance

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

2. BASIS OF PREPARATION (continued)

Basis of Consolidation

The audited consolidated financial statements include the accounts of the Company and its Canadian and Peruvian subsidiaries as follows:

Subsidiary	Ownership Interest	Jurisdiction	Nature of Operations
Calipuy Resources Inc.	100%	BC, Canada	Holding Company
Calipuy Holdings Inc.	100%	BC, Canada	Holding Company
Minas Lucero Del Sur S.A.C.	100%	Peru	Mining and exploration
Compania Minera Calipuy S.A.C.	100%	Peru	Holding Company
Minera Machacala S.A.C	100%	Peru	Mining and exploration
Campania Minera SFJ S.A.C.	100%	Peru	Mining and exploration

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the audited consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation properties

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs, provided that the Company has the intention of exercising the underlying option, and may consist of cash payments and/or share issuances at the market price of the Company's shares at the date of issuance.

Property option agreements are exercisable at the option of the optionee. Therefore, option payments are recorded when payment is made and not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation properties (continued)

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset, and amortized over the life of the mine.

Impairment of long-lived assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the year when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

At initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

Financial Assets at Amortized Cost

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTOCI

The financial asset is subsequently measured at FVTOCI if the financial asset is held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value with gains or losses recognized within other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash is included in this category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivatives designed as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities). Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designed as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares, share purchase warrants and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Share-based compensation

The Company's Stock Option Plan (the "Option Plan") provides the Company's employees and consultants with the right to elect to receive common shares in exchange for options surrendered. The Company records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the statement of comprehensive loss as share-based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Company's shares, the expected lives of the awards of share-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Functional & presentation currencies

The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency of the Company's Peruvian subsidiaries is the Peruvian new sol, which is determined to be the currency of the primary economic environment in which the subsidiaries operate.

Transactions in currencies other than the functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign operations

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available.

Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the year that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at August 31, 2022. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulators and negotiations with regulatory authorities.

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future years.

Business combination versus asset acquisition

Judgement is required to determine whether a transaction should be accounted for as a business combination or an asset acquisition. In identifying a transaction as an asset acquisition, management considers whether an acquiree satisfies the definition of a business according to IFRS 3 Business Combinations. Management uses several criteria in its assessments of defining a business including an input and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Dale Property	Nevada Portfolio	Peruvian Property	Total
		$	$	$
ACQUISITION COSTS				
Balance, August 31, 2020	13,600	-	-	13,600
Shares issued	4,000	-	-	4,000
Balance, August 31, 2021	17,600	-	-	17,600
Cash payments	15,000	2,132,663	-	2,147,663
Shares issued (Note 11)	30,000	5,503,392	-	5,533,392
Acquisitions (Note 18)	-	3,102,750	14,887,437	17,990,187
Balance, August 31, 2022	**62,600**	**10,738,805**	**14,887,437**	**25,688,842**
EXPLORATION AND EVALUATION COSTS				
Balance, August 31, 2020	16,341	-	-	16,341
Assaying and Sampling	1,010	-	-	1,010
Claims maintenance fee	4,022	-	-	4,022
Exploration program	36,966	-	-	36,966
Field expenses	1,782	-	-	1,782
NI43-101 Report	12,029	-	-	12,029
Balance, August 31, 2021	72,150	-	-	72,150
Claims maintenance fee	975	1,418	7,425	9,818
Exploration program	95,601	213,538	-	309,139
Field expenses	8,269	2,725	827	11,821
Balances, August 31, 2022	**176,995**	**217,681**	**8,252**	**402,928**
Total costs, August 31, 2022	**239,595**	**10,956,486**	**14,895,689**	**26,091,770**

5. EXPLORATION AND EVALUATION ASSETS (continued)

Dale Property

On April 7, 2020, the Company entered into a property option agreement with Jean Marc Gaudreau ("Optionor") to acquire a 100% right, title and interest in and to the Dale property ("Property"), subject only to a NSR Royalty.

The Property is located in Ontario, Canada and is comprised of 90 Mineral Rights, covering an area of approximately 1,735 hectares.

In order to exercise the option, the Company must complete the following requirements:

a) Make aggregate cash payments of $127,000 as follows:

    a. $12,000 within 30 days of the date of the option agreement (paid)
    b. $15,000 on or before December 31, 2021 (paid)
    c. $18,000 on or before December 31, 2022
    d. $21,000 on or before December 31, 2023
    e. $51,000 on or before December 31, 2024

b) Issue a total of 200,001 common shares of the Company at a deemed price of $0.05 per share within 180 days of the option agreement (issued) (Note 11). Shares are subject to a 4-month hold period from the date of the public listing on the Canadian Stock Exchange.

c) Make aggregate share payments totaling $192,000 calculated at the price of the average VWAP of the 10 trading days prior to the issuance date:
    a. $30,000 on or before December 31, 2021 (issued) (Note 11)
    b. $33,000 on or before December 31, 2022
    c. $36,000 on or before December 31, 2023
    d. $93,000 on or before December 31, 2024

d) Execute and deliver to the Optionor on the Closing Date the NSR Royalty granting the Optionor a 0.5% NSR royalty on the Property, subject to the right of the Company to re-purchase 100% of the NSR Royalty for a total consideration of $525,000 at any time.

A pre-existing 1% NSR to the benefit of Keystone Associates Inc. existed on the property prior to this agreement and is additional to the 0.5% NSR required as part of Element79's option to purchase.

In addition to the option agreement, the Company paid a finder's fee of 80,000 common shares valued at $1,600 to a third party.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Gold Portfolio

On December 17, 2021, the Company closed a securities exchange agreement (the "Securities Exchange Agreement") with 1316524 B.C. Ltd. ("Goldco"). Under the terms of the Securities Exchange Agreement, the Company has acquired all of the issued and outstanding shares of Goldco in exchange for a $300,000 cash payment and 2,525,000 common shares of the Company (issued) (Notes 11 and 18).

Goldco, had previously entered into the asset purchase agreement with Clover Nevada LLC ("Clover"), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP, and Maverick Springs Mining Company LLC, a wholly owned subsidiary of Clover, to acquire 100% of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain projects (the "Asset Purchase Agreement"). On December 23, 2021, the Company has fully closed on an asset purchase agreement acquiring the flagship Maverick Springs project and 15 additional projects that comprise the Battle Mountain portfolio, located in the gold mining regions of northeastern Nevada.

Pursuant to the asset purchase agreement, the Company agreed to the following terms and payments:

- $500,000 deposit (advanced by Goldco)
- $1,500,284 cash payment (paid)
- Issuance of 5,095,733 common shares to the vendors (issued) (Note 11)
- Issuance of Contingent value right (CVR) to Waterton Nevada Splitter LLC (Splitter LLC), a subsidiary of Waterton.

Pursuant to the CVR, Splitter LLC is entitled to receive the following:

- Cash payment of $2,000,000 payable on the earlier of the occurrence of commercial production and the date that is 12 months following the closing of the asset purchase agreement.
- Second payment of $284 in cash or common shares of the Company, on the date that is 18 months following the closing of the asset purchase agreement (prepaid by the Company concurrently with closing).
- Security interest in Maverick Springs and the Battle Mountain portfolio, to be released upon completion of the payment under the CVR.
- Splitter LLC has also entered into a voting support and lock-up agreement, pursuant to which it agrees to:
  - i. vote all shares of the Company it holds in accordance with management's recommendations within 2 years from the closing date;
  - ii. retain 50% of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months after closing and the remaining 50% for at least 12 months after closing; and
  - iii. grant the Company a right of first offer in relation to the sale of any common shares of the Company held by Splitter LLC.

The Maverick Springs project is subject to a total net smelter return royalty (NSR) of 7.4%, including 1.5% payable to Maverix Metals Inc. The Company expects to renegotiate the various NSRs in order to create an economically viable path forward to the benefit of all parties.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Gold Portfolio (continued)

The asset purchase agreement as it relates to the Battle Mountain portfolio and all 15 of its projects is made on an as-is, where-is basis, and accordingly does not disclose any net smelter return royalty or other royalties payable to any other party.

Peruvian Properties

On June 28, 2022, the Company acquired all of the issued and outstanding common shares of Calipuy Resources Inc. ("Calipuy"), which, through its subsidiaries, holds a 100% interest in two past-producing high-grade gold-silver mines: the Lucero mine and the Machacala project.

Pursuant to the agreement, the Company acquired all of the issued and outstanding securities of Calipuy. Calipuy is a private B.C. corporation, which, through its subsidiaries in Peru, holds a 100% interest in the Lucero property and the Machacala property, subject to certain royalties, encumbrances and other interests, as more particularly described in the agreement.

The purchase price for the shares of Calipuy was:

(i) 19,165,484 common shares of the company at an issue price of $0.465 per share (issued) (Notes 11 and 18); and

(ii) Performance bonus warrants to acquire an aggregate of 3,833,085 common shares of the Company (Note 11). Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of $2 per share for a period of three years from the exercise eligibility date, subject to achievement of the bonus performance target that is tied to producing a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 oz Au within a 30 day production period.

The Company may accelerate the expiry of the performance bonus warrants if the common shares of the company have a closing price greater than $3.50 per share for a period of 10 consecutive trading days on the exchange at any time after closing. The holders of the performance bonus warrants will not have the right to exercise the performance bonus warrants until projects carried out on the properties have cumulatively reached a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 ounces gold within a 30-day production period and the Company provides notice of achievement of the bonus performance target by news release.

An aggregate of 12,971,503 consideration shares and 2,594,298 performance bonus warrants will be subject to a lock-up agreement, whereby 50 per cent will be released from lock-up six months from closing and the remaining 50 per cent will be released 12 months from closing. The balance of the consideration shares, other than those held by U.S. persons, is not subject to any resale restrictions under applicable securities laws.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Lucero mine - Minas Lucero Del Sur S.A.C, ("MLDS")

On December 21, 2020 ("MLDS Closing Date"), Calipuy completed a share purchase agreement ("MLDS Agreement") with Condor Resources Inc. ("Condor") to acquire all issued and outstanding shares of MLDS ("MLDS Shares") which owns certain rights, titles and interests in and to the Lucero mine project in the District of Chacas in Peru.

Pursuant to the MLDS Agreement, the Company is obligated to make the following payments (the "MLDS Cash Payment") to Condor:

- On the MLDS Closing Date US$90,000 (paid – $115,704);
- On or before June 21, 2022 US$75,000 (paid - $97,688);
- On or before December 21, 2022 US$300,000*;
- On or before December 21, 2023 US$500,000*; and
- On or before December 21, 2024 US$1,000,000*.

In addition to the MLDS Cash Payment, the Company will make an additional cash payment of US$1,535,000 ("MLDS Final Cash Payment") to Condor on or before December 31, 2026 in an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$3,500,000* unless:

(i) The Company accelerates the MLDS Cash Payment and all such MLDS Cash Payment are made within thirtysix (36) months of the MLDS Closing Date in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$3,000,000;

(ii) Subject to (i), the price of gold averages not less than US$2,500 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$4,000,000; or

(iii) Subject to (i), the price of gold averages not less than US$3,000 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$6,000,000.

---

* collectively the "MLDS Subsequent Cash Payment"

Using a risk-adjusted discount rate of 12%, the Company calculated the fair value of the MLDS Subsequent Cash Payment as $3,039,584 and recorded the provision on the acquisition date (Note 9), which will be accreted to the face value during the term of the MLDS Subsequent Cash Payment.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Lucero mine - Minas Lucero Del Sur S.A.C, ("MLDS") (continued)

Pursuant to the MLDS Agreement, until the MLDS Subsequent Cash Payment is settled and subsequent to the Company receiving the first $550,000 proceeds from the future financings, Condor has the right but not the obligation to convert all or part of the outstanding MLDS Subsequent Cash Payment into the Company's common shares at a discounted price of 20% of the price offered in the future financing.

In addition, in connection with the acquisition of MLDS, the Company and Condor entered into a share pledge agreement ("MLDS SP Agreement"). Pursuant to the MLDS SP Agreement, the MLDS Shares are pledged to Condor as collateral for the MLDS Subsequent Cash Payment and will be released upon the MLDS Subsequent Cash Payment being settled.

Machacala mine project

On November 15, 2021 ("Machacala Closing Date"), Calipuy completed a share purchase agreement ("Machacala Agreement") to acquire all issued and outstanding shares of Machacala ("Machacala Shares") which owns certain rights, titles and interests in and to the Machacala project in the Department of La Libertad of Peru.

Pursuant to the Machacala Agreement, the Company is obligated to make the following payments ("Machacala Subsequent Payment"):

- On or before May 15, 2023 $285,000;
- On or before November 15, 2024 $570,000;
- On or before November 15, 2025 $1,425,000; and
- On or before November 15, 2026 $1,852,500.

The Company has an option to satisfy the Machacala Subsequent Payment by issuing the Company's common shares equal to the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, the Company calculated the fair value of the Machacala Subsequent Payment as $2,750,706 and recorded the provision on the acquisition date (Note 9), which will be accreted to the face value during the term of the Machacala Subsequent Payment.

The Machacala Agreement is subject to 1.5% net smelter return royalty interest ("NSR") in all minerals processed and sold from Machacala project.

In addition, in connection with the acquisition of Machacala, the Company and the former shareholders of Machacala entered into a share pledge agreement ("Machacala SP Agreement"). Pursuant to the Machacala SP Agreement, the Machacala Shares are pledged to the former shareholders of Machacala as collateral for the Machacala Subsequent Payment and will be released upon the Machacala Subsequent Payment being settled.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Property (continued)

Compania Minera SFJ SAC ("SFJ")

On November 15, 2021 ("SFJ Closing Date"), Calipuy completed a share purchase agreement ("SFJ Agreement") to acquire all issued and outstanding shares of SFJ ("SFJ Shares") which owns certain rights, titles and interests in and to the Urumalqui project in the Department of La Libertad of Peru.

Pursuant to the SFJ Agreement, the Company is obligated to make the following payments ("SFJ Subsequent Payment"):

- On or before May 15, 2023 $15,000;
- On or before November 15, 2024 $30,000;
- On or before November 15, 2025 $75,000; and
- On or before November 15, 2026 $97,500.

The Company has an option to satisfy the SFJ Subsequent Payment by issuing the Company's common shares equal the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, the Company calculated the fair value of the SFJ Subsequent Payment as $144,774 and recorded the provision at the acquisition date (Note 9), which will be accreted to the face value during the term of the SFJ Subsequent Payment.

In addition, in connection with the acquisition of SFJ, the Company and the former shareholders of SFJ entered into a share pledge agreement ("SFJ SP Agreement"). Pursuant to the SFJ SP Agreement, the SFJ Shares are pledged to the former shareholders of SFJ as collateral for the SFJ Subsequent Payment and will be released upon the SFJ Subsequent Payment is settled.

The SFJ Agreement is subject to 1.5% NSR in all minerals processed and sold from the Urumalqui project.

Snowbird Property

On August 25, 2021, the Company announced that it has signed a binding Letter of Intent (the "LOI") to acquire 100% of the issued and outstanding shares in Plutus Gold Corp. ("Plutus Gold"), which holds the option to acquire the Snowbird High-Grade Gold Project ("Snowbird Project").

For the period ended August 31, 2022, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

6. EQUITY DRAWDOWN FACILITY

On September 14, 2020, the Company entered into a non-revolving Equity Drawdown Facility (the "Facility") that allows the Company to utilize funding for an aggregate amount of $5,000,000. The Company can draw down funds from the Facility from time to time during the three-year term at the Company's discretion by providing a notice ("Drawdown Notice") to the investor Crescita Capital LLC ("Investor"), and in return for each Drawdown Notice, the Company will allot and issue fully paid shares to the Investor in form of a "Private Placement". The shares issued in connection with any Private Placement will be priced at the higher of (i) $0.05 and (ii) 90% of the volume-weighted average price of the Shares for the ten trading days prior to the issue date of such Shares.

In connection with the Facility, the Company paid a 3% commission in shares (3,000,000 common shares valued at $150,000) and issued share purchase warrants equal to 8.5% of the outstanding shares of the Company at the time of closing of the Facility (3,394,050 share purchase warrants valued at $208,724). Each of the share purchase warrants can be exercised to purchase one common share of the Company at a price of $0.10 per share until October 1, 2023 (Note 11). The value of the financing fees is recorded as a deferred financing charge and is being amortized as share issue costs based on the amount drawn down from the Facility.

On May 5, 2022, the Company has received an increased equity drawdown facility commitment from Crescita to the Company from $5,000,000 to $10,000,000 (the "Amendment"). The additional financing is being made available pursuant to an Amendment dated May 2, 2022, to the original investment and advisory agreement with Crescita dated September 14, 2020.

In addition to providing for the additional $5,000,000 equity drawdown commitment, the Amendment provides an additional requirement for the company to make a top up payment to Crescita in the event that the volume weighted average price of the Company's common shares is less than the subscription price paid by Crescita for a particular drawdown in the 30 days following the drawdown and amends the fees payable to Crescita for the second commitment. The Company paid an 8% fee to Crescita on the additional commitment satisfied by the issuance of 533,333 common shares valued at $464,000 (Note 11 and 13). These shares are subject to a four-month hold The value of the financing fees is recorded as a deferred financing charges to be amortized based on the amount drawn down from the Facility.

During the year ended August 31, 2022, the Company received $2,670,000 from the facility, issuing 1,564,945 common shares (Note 11) and reserving $1,670,000 value of common shares for future issuance. A total of $2,500,000 was converted into a Promissory Note (Note 7).

As at August 31, 2022, the carrying amount of the deferred financing charges is $740,451 (2021 - $358,724) and the subscribed shares total $1,670,000.

7. LOANS PAYABLE

On July 18, 2022, the Company issued a promissory note of $2,500,000 (Note 6). The Promissory Note is unsecured, interest bearing at 6% per annum, and due on demand.

During the year ended August 31, 2022, the Company accrued interest in the amount of $18,082 as financial expenses.

(Expressed in Canadian dollars)

8. TRADE PAYABLES AND ACCRUED LIABILITIES

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative and exploration activities. These are broken down as follows:

As at	2022	2021
	$	$
Trade payables	1,223,810	396,655
Accrued liabilities	110,846	16,000
Total trade and other payables	**1,334,656**	412,655

9. PROVISIONS

The Company has an obligation to settle the MLDS Subsequent Cash Payment, the Machacala Subsequent Payment and the SFJ Subsequent Payment. The fair value of the obligations was initially recognized as a discounted amount by using a risk-adjusted discount rate of 12%, which will be accreted to the face value during the term of the payments.

	MLDS	Machacala	Urulmuqui	Total
	$	$	$	$
As at June 28, 2022	3,039,584	2,750,706	144,774	**5,935,064**
Add: Accretion	39,803	41,398	2,179	**83,380**
Effect of movements in exchange rates	58,926	-	-	**58,926**
As at August 31, 2022	3,138,313	2,792,104	146,953	**6,077,370**
Less: Current portion	379,116	261,890	13,784	**654,790**
Long-term portion	2,759,197	2,530,214	133,169	**5,422,580**

During the year ended August 31, 2022, the Company recognized $83,380 in accretion cost (2021 - $Nil) with a corresponding increase in the carrying value of the provisions.

As of August 31, 2022, the carrying value of the provisions was $6,077,370 (2021 – $Nil) of which $654,790 (2021 - $Nil) was classified as a current liability.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation

During the year ended August 31, 2022, the remuneration of directors and other members of key management are as follows:

	2022	2021
	$	$
Director and management fees	327,775	126,000
Investor relations fees	76,263	-
Consulting fees	52,500	-
Share-based compensation	388,553	66,528
Total	845,091	192,528

As at August 31, 2022, a total amount of $147,004 (2021 - $8,311) was due to related parties, of which is $69,973 was due to the CEO for the management fee and expenses incurred on behalf of the Company, and $77,031 was due to other directors and officers of the Company.

11. SHARE CAPITAL

Authorized share capital

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As at August 31, 2022, the Company had 73,452,860 common shares issued and outstanding.

On June 29, 2022, the Company issued an aggregate of 19,165,484 common shares of the Company with a fair value of $8,911,950 to acquire Calipuy Resources Inc. (Note 18).

During the year ended August 31, 2022, the Company entered into debt settlement agreements with certain arm's-length creditors for the settlement of a total of $412,069 debt in respective debts for professional and consulting services provided by the creditors to the company. The total aggregate number of common shares issued pursuant to the debt agreements is 686,746 common shares valued at $322,294, resulting in a gain on settlement of debt of $89,775.

On May 5, 2022, the Company issued 533,333 common shares valued at $464,000 as an 8% fee to Crescita on the additional $5,000,000 equity drawdown commitment (Notes 6 and 13).

On January 6, 2022, the Company had authorized the issuance of 1,564,945 common shares at a price of $0.639 per share to Crescita pursuant to the Facility (Note 6).

On January 6, 2022, the Company issued 30,297 common shares at a price of $0.99 per share as part of the option requirements for its Dale Property (Note 5).

On December 17, 2021, the Company issued 2,525,000 common shares at a price of $1.11 per share to Goldco in relation to the Securities Exchange Agreement pursuant to which the Company has acquired all of the issued and outstanding securities of Goldco (Notes 5 and 18).

11. SHARE CAPITAL (continued)

Share issuance (continued)

On December 23, 2021, the Company issued 5,095,733 common shares at a price of $1.08 per share in relation to the acquisition of the Maverick Springs project and the Battle Mountain projects (Note 5).

On April 30, 2021, 460,500 special warrants converted to 460,500 common shares of the Company.

On February 26, 2021, 410,820 special warrants converted to 410,820 common shares of the Company.

On January 3, 2021, 29,650,000 special warrants converted to one common share and one-half share purchase warrant. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of $0.10 per common share until September 2, 2023. The full proceeds were allocated to the shares under the residual value method.

On October 1, 2020, the Company issued 3,000,000 common shares to Crescita valued at $150,000 as financing fees related to the Facility (Notes 6 and 13).

On October 1, 2020, the Company issued additional 50,000 common shares to Crescita valued at $2,500 as consulting fee for advisory services to be provided by Crescita.

On September 18, 2020, the Company issued 200,001 common shares valued at $4,000 to the owners of the Dale Property (Notes 5 and 13).

Escrow securities

As at August 31, 2022, 2,603,700 common shares and 1,725,000 share purchase warrants were held in escrow. Escrow securities will be released over a period of 36 months, as to 10% on the date the Company's securities are listed on a Canadian exchange (the "Listing Date") and an additional 15% every six months following the completion of the first release on the Listing Date.

Share subscriptions received in advance

During the year ended August 31, 2022, the Company received $2,670,000 from the facility, issuing 1,564,945 common shares and reserving $1,670,000 value of common shares for future issuance. A total of $2,500,000 was converted into a Promissory Note (Note 7).

Special warrants

On December 29, 2020, investors subscribed to 460,500 special warrants at a price of $0.10 per special warrant for total proceeds of $46,050. On April 30, 2021, each special warrant converted to one common share of the Company.

On October 25, 2020, investors subscribed to 410,820 special warrants at a price of $0.10 per special warrant for total proceeds of $41,082. In connection with this private placement, the Company paid cash finder's fee of $2,876 and other cash costs of $1,000. On February 26, 2021, each special warrant converted to one common share of the Company.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Special warrants (continued)

On September 2, 2020, investors subscribed to 29,650,000 special warrants at a price of $0.02 per special warrant for total proceeds of $593,000. On January 3, 2021, each special warrant converted to one common share and one-half share purchase warrant of the Company. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of $0.10 per share until September 2, 2023.

Warrants

On January 3, 2021, 29,650,000 special warrants converted to one common share and one-half share purchase warrant. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of $0.10 per common share until September 2, 2023.

On October 1, 2020, the Company issued 3,394,050 share purchase warrants to Crescita (Note 6). The warrants have an exercise price of $0.10 per common share and are exercisable for three years until October 1, 2023. The fair value of these share purchase warrants granted was determined to be $208,724 based on the following assumptions: share price at grant date of $0.10; exercise price of $0.10; expected life of 3 years; expected volatility of 100%; risk free interest rate of 0.25%; expected dividend yield rate of 0%.

On March 6, 2020, the Company issued 10,000,000 units for proceeds of $50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable for $0.10 per common share until March 6, 2025.

As at August 31, 2022, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date
14,825,000	$0.10	September 2, 2023
3,394,050	$0.10	October 1, 2023
10,000,000	$0.10	March 6, 2025
28,219,050	$0.10	

Performance warrants

On June 28, 2022, in connection with the acquisition of Calipuy (Note 5), the Company granted 3,833,085 performance bonus warrants to acquire an aggregate of 3,833,085 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of $2.00 per share for a period of three years from the exercise eligibility date, subject to achievement of bonus performance target that is tied to producing a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 oz Au within a 30 day production period.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Stock options

On November 20, 2020, the Company adopted a Stock Option Plan which provides that the Board of Directors may from time to time, at its discretion, grant options exercisable over periods of up to 10 years and will not have an exercise price lower than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The maximum number of common shares which may be issued pursuant to options granted under the Stock Option Plan will be 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares in any 12-month period or 2% if the optionee is engaged in investor relations activities or is a consultant. The Stock Option Plan contains no vesting requirements, other than for consultants performing investor relations activities but permits the Board to specify a vesting schedule at its discretion.

On February 2, 2022, the Company has granted 150,000 stock options to a director of the Company. The stock options have an exercise price of $1.21 per common share and exercisable for five years until February 2, 2027.

The fair value of these stock options was determined to be $135,330 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2022
Risk-Free Annual Interest	1.39%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On November 4, 2021, the Company has granted 150,000 stock options to a consultant of the Company. The stock options have an exercise price of $1.32 per common share and exercisable for five years until November 4, 2026.

The fair value of these stock options was determined to be $147,912 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2022
Risk-Free Annual Interest	1.61%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On October 26, 2021, the Company has granted 250,000 stock options to a director and officer of the Company. The stock options have an exercise price of $1.37 per common share and exercisable for five years until October 26, 2026.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Stock options (continued)

The fair value of these stock options was determined to be $253,223 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2022
Risk-Free Annual Interest	0.42%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On April 15, 2021, the Company granted 600,000 stock options to a consultant of the Company. The stock options have an exercise price of $0.10 per common share, vest at a rate of 50,000 stock options per month over 12 months and are exercisable for five years until April 15, 2026.

The fair value of these stock options was determined to be $44,550, and the Company expensed $29,995 during the year ended August 31, 2021 in relation to the vesting of these stock options. The value was determined using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2021
Risk-Free Annual Interest	0.92%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On December 31, 2020, the Company granted 500,000 stock options to a consultant of the Company. The stock options have an exercise price of $0.10 per common share and are exercisable for five years until December 31, 2025.

The fair value of these stock options was determined to be $36,955 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2021
Risk-Free Annual Interest	0.40%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On November 20, 2020, the Company granted 1,100,00 stock options to certain directors, officers, and consultants of the Company. The stock options have an exercise price of $0.10 per common share and are exercisable for five years until November 20, 2025.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Stock options (continued)

The fair value of these stock options was determined to be $81,313 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year Ended August 31, 2021
Risk-Free Annual Interest	0.42%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

The following is a summary of the changes in the Company's stock option activities for the years ended August 31, 2022 and 2021:

	2022		2021	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
		$		$
Outstanding, beginning	2,200,000	0.10	-	-
Granted	550,000	1.31	2,200,000	0.10
Outstanding, ending	**2,750,000**	**0.34**	2,200,000	0.10

The following table summarizes information regarding stock options outstanding and exercisable as at August 31, 2022:

Number of options	**Exercise price**	**Expiry date**
1,100,000	$0.10	November 20, 2025
500,000	$0.10	December 31, 2025
600,000	$0.10	April 15, 2026
250,000	$1.37	October 26, 2026
150,000	$1.32	November 4, 2026
150,000	$1.21	February 2, 2027
2,750,000	$0.34	3.53

The weighted average remaining life of stock options is 3.53 years.

(Expressed in Canadian dollars)

12. LOSS PER SHARE

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive. As at August 31, 2022, basic and diluted loss per share are the same, as stock options or share purchase warrants have an anti-dilutive effect.

		2022		2021
Net loss during the year	$	(4,957,060)	$	(625,706)
Weighted average shares		53,848,309		32,921,520
Loss per share	$	(0.09)	$	(0.02)

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended August 31, 2022, the Company had the following non-cash investing and financing transactions:

During the year ended August 31, 2022, the Company has entered into debt settlement agreements with certain creditors of the Company pursuant to which the Company has agreed to settle debts in the aggregate amount of $412,069 in consideration for the issuance of an aggregate of 686,746 common shares valued at $322,294, resulting in a gain on settlement $89,775 (Note 11).

During the year ended August 31, 2022, the Company also issued 533,333 shares valued at $464,000 for additional deferred financing charges in relation to the increase of the Facility (Note 6 and 11).

During the year ended August 31, 2022, the Company issued 30,297 common shares valued at $30,000 to the owners of the Dale Property to satisfy the initial payment of the mineral property option agreement (Notes 5 and 11).

During the year ended August 31, 2022, the Company issued 5,095,733 valued at $5,503,392 to the owner of Nevada Property to satisfy the payment of the mineral property option agreement (Note 5 and 11).

During the year ended August 31, 2021, the Company had the following non-cash investing and financing transactions:

During the year ended August 31, 2021, the Company issued 200,001 common shares valued at $4,000 to the owners of the Dale Property to satisfy the initial payment of the mineral property option agreement (Notes 5 and 11).

During the year ended August 31, 2021, the Company issued 3,000,000 common shares to Crescita valued at $150,000 as deferred financing fees related to the equity drawdown facility (Note 6 and 11).

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS

Categories of financial instruments

	August 31, 2022	August 31, 2021
	$	$
FINANCIAL ASSETS		
Financial assets, at amortized costs		
Cash	5,021	302,234
Amounts receivable	96,633	19,810
Total financial assets	101,654	322,044
Other liabilities, at amortized cost		
Loans payable	2,518,082	-
Trade payables	1,334,656	412,655
Provisions	6,077,370	-
Total financial liabilities	9,930,108	412,655

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk
- Currency Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

14. FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. This risk is considered minimal.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash and restricted cash balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at August 31, 2022, the Company had a cash balance of $5,021 (2021 - $302,234) and gross receivables of $96,633 (2021 - $19,810) to settle current liabilities due in twelve months or less of $4,507,528 (2021 - $412,655) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

14. FINANCIAL INSTRUMENTS (continued)

Determination of Fair Value

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

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

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, amount receivable and trade payable, loan payable, and future acquisition payments approximate fair value due to their short-term nature.

15. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain an appropriate capital base in order to:

1. Advance the Company's corporate strategies to create long-term value for its stakeholders;
2. Sustain the Company's operations and growth throughout metals and materials cycles; and
3. Ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at August 31, 2022, was $5,021 (2021 – $302,234).

There are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes to capital management during the year ended August 31, 2022.

(Expressed in Canadian dollars)

16. SEGMENT INFORMATION

	2022		
	Exploration and evaluation assets	**Deferred financing charges**	**Net loss**
	$	**$**	**$**
Canada	239,595	740,451	4,544,133
United States	10,956,486	-	-
Peru	14,895,689	-	412,927
Total	**26,091,770**	**740,451**	**4,957,060**

	2021		
	Exploration and evaluation assets	Deferred financing charges	Net loss
	$	$	$
Canada	89,750	358,724	625,706
United States	-	-	-
Peru	-	-	-
Total	89,750	358,724	625,706

17. COMMITMENTS AND CONTINGENCIES

As at August 31, 2022, the Company has exploration and evaluation properties in three jurisdictions (Note 5). Management does not consider that any amounts related to decommissioning liabilities are payable.

The Company has renewed an agreement with CorpComm Services Ltd. ("CorpComm") for continued writing and publishing dated April 15, 2022. The agreement is for twelve months with cash consideration of up to $15,000 per month until April 15, 2023.

In connection with the Company's decommissioning liabilities and the above service agreements, there is no assurance that a formal claim will not be made against the Company for certain of the payables that might exist as at August 31, 2022.

(Expressed in Canadian dollars)

18. ACQUISITIONS

Calipuy Resources Inc.

On June 28, 2022, the Company completed the acquisition of Calipuy. Under the share purchase agreement, the company acquired all of the issued and outstanding shares of Calipuy with the issuance of 19,165,484 of the Company common shares valued at $8,911,950 (Note 5 and 11). Calipuy is a private B.C. corporation, which, through its subsidiaries in Peru, holds a 100% interest in the Lucero property, the Machacala property and the Urulmuqui property, subject to certain royalties, encumbrances and other interests, as more particularly described in the agreement.

The acquisition was accounted for as an asset acquisition as Calipuy did not meet the definition of a business under IFRS 3, Business Combination.

The purchase price was allocated as follows:

Total consideration paid	**8,911,950**
Share Consideration paid	8,911,950
Assets acquired and liabilities assumed	**8,911,950**
Cash received	24,946
Accounts receivable	49,712
Accounts payable	(115,081)
Provisions (Note 9)	(5,935,064)
Exploration and evaluation assets (Note 5)	14,887,437

Goldco

On December 17, 2021, the Company closed a Securities Exchange Agreement with Goldco. Under the terms of the Securities Exchange Agreement, the Company has acquired all of the issued and outstanding shares of Goldco in exchange for a $300,000 cash payment (paid) and 2,525,000 common shares of the Company (issued, valued at $2,802,750) (Note 5 and 11).

The acquisition was accounted for as an asset acquisition as Goldco did not meet the definition of a business under IFRS 3, Business Combination.

The purchase price of $3,102,750 was allocated to the Nevada Portfolia exploration and evaluation assets at August 31, 2022 (Note 5).

(Expressed in Canadian dollars)

19. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
	$	$
Loss before income taxes	(4,957,060)	(625,706)
Expected income tax recovery	1,338,406	168,940
Non-deductible permanent differences	(126,561)	(39,490)
Effect of foreign tax rates	10,323	-
Deferred tax assets acquired	15,533	-
Unrecognized tax benefits	(1,237,701)	(129,450)
Total income tax recovery	-	-

The significant components of the Company's deferred income tax assets that have not been included on the statement of financial position are as follows:

	2022	2021
	$	$
Deferred income tax assets:		
Non-capital loss carryforwards	940,645	132,326
Exploration and evaluation assets	411,820	-
Share issue costs	18,399	837
	1,370,864	133,163
Deferred tax assets not recognized	(1,370,864)	(133,163)
Net deferred tax assets	-	-

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses available for future period (Canada)	2040-2042
Share issue costs	2022-2026

20. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2022, the Company has the significant following events:

On September 19, 2022, the Company has entered into a debt settlement agreement with certain creditors to settle an aggregate indebtedness of $191,167 and $760,000 for the creditors to accept 654,552 and 1,000,000 common shares, respectively. The 1,654,552 common shares are subject to a four-month-plus-one-day hold period.

On September 22, 2022, the Company issued 4,700,000 common shares for the subscriptions received in advanced during the year ended August 31, 2022 (Note 11).

On October 26, 2022, the Company it has agreed to settle an aggregate of $387,336 of indebtedness of the company with various arm's-length and non-arm's-length creditors through the issuance of an aggregate of 2,672,483 common shares at a price of $0.115 per common share and 640,000 common shares at $0.125 per share. The common shares issued pursuant to the debt settlement will be subject to a four-month-and-one-day hold period pursuant to applicable securities laws.

On December 20, 2022, the Company and Condor, the beneficial recipient of the MLDS Subsequent Cash Payment (Note 9), agreed to reschedule the December 21, 2022 payment of US$300,000 into two payments: The first payment of US$100,000 is now due on or before January 31, 2023 (paid) and the balance of US$200,000 is due on or before March 31, 2023. As consideration for the rescheduled payments, the Company issued 250,000 shares to Condor on December 21, 2022. All other terms of the sale of MLDS remain unchanged.

On January 6, 2023, the Company issued 216,798 common shares as part of the options requirements for its Dale Property (Note 5).

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended August 31, 2022 were approved and authorized for issue by the Board of Directors on February 1, 2023.