SILVER HAMMER MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Silver Hammer Mining Corp.

Opinion

We have audited the consolidated financial statements of Silver Hammer Mining Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of 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.

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated 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 auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
January 30, 2023

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(Expressed in Canadian Dollars)

As at	Note(s)	September 30, 2022 $	September 30, 2021 $
ASSETS			
Current assets			
Cash		1,427,556	1,606,841
Amounts receivable		42,643	25,943
Prepaid expenses		249,458	233,323
Deposits		5,000	49,661
		1,724,657	**1,915,768**
Non-current assets			
Reclamation deposits	4	31,049	-
Evaluation and exploration assets	4	7,594,835	5,978,366
TOTAL ASSETS		**9,350,541**	**7,894,134**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	352,723	274,852
TOTAL LIABILITIES		**352,723**	**274,852**
SHAREHOLDERS' EQUITY			
Share capital	5	11,281,349	8,154,807
Reserves	5	1,522,465	1,230,840
Deficit		(3,805,996)	(1,766,365)
TOTAL SHAREHOLDERS' EQUITY		**8,997,818**	**7,619,282**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,350,541**	**7,894,134**

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These audited consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Alnesh Mohan Director **/s/ Lawrence Roulston Director**

(Expressed in Canadian Dollars)

	Note(s)	For the years ended September 30, 2022 $	September 30, 2021 $
Expenses			
Consulting fees	6	406,000	124,417
Foreign exchange loss (gain)		36,154	(15,865)
General and administrative		71,868	14,396
Investor relations and promotion		848,561	424,559
Professional fees	6	351,087	220,625
Regulatory and transfer agents		48,242	44,102
Rent		-	12,546
Share-based payments	5	-	729,232
Travel		12,402	11,936
		(1,774,314)	**(1,565,948)**
Other income			
Impairment of evaluation and exploration assets	4	(265,317)	-
Loss for the year		**(2,039,631)**	**(1,565,948)**
Other comprehensive income			
Foreign currency translation differences for foreign operations		189,359	7,170
Total comprehensive loss		**(1,850,272)**	**(1,558,778)**
Basic and diluted loss per share for the year ($ per common share)		**(0.05)**	**(0.10)**
Weighted average number of common shares outstanding - basic and diluted		**40,921,771**	**16,155,007**

(Expressed in Canadian Dollars)

		Share capital		Reserves				
	Note(s)	Number of shares	Amount $	Stock options reserve $	Warrants reserve $	Foreign currency translation reserve $	Deficit $	Total $
Balance at September 30, 2020		**7,850,000**	**236,501**	**87,500**	**-**	**-**	**(200,417)**	**123,584**
Shares issued for cash - private placements	5	17,085,960	3,821,490	-	-	-	-	**3,821,490**
Share issue costs	5	-	(259,559)	-	-	-	-	**(259,559)**
Fair value of finder's warrants issued for share issue costs	5	-	(184,125)	-	184,125	-	-	**-**
Shares issued for exploration and evaluation assets	4, 5	500,000	80,000	-	-	-	-	**80,000**
Shares issued for the acquisition of Silver Strand Exploration Corp.	3, 5	8,300,000	2,075,000	-	-	-	-	**2,075,000**
Shares issued for acquisition of 1304562 B.C. Ltd.	3, 5	3,670,000	2,385,500	-	-	-	-	**2,385,500**
Share-based payments	5	-	-	952,045	-	-	-	**952,045**
Other comprehensive income		-	-	-	-	7,170	-	**7,170**
Loss for the year		-	-	-	-	-	(1,565,948)	**(1,565,948)**
Balance at September 30, 2021		**37,405,960**	**8,154,807**	**1,039,545**	**184,125**	**7,170**	**(1,766,365)**	**7,619,282**
Shares issued for cash - private placements	5	7,913,286	3,007,049	-	-	-	-	**3,007,049**
Share issue costs	5	-	(388,949)	-	-	-	-	**(388,949)**
Fair value of finder's warrants issued for share issue costs	5	-	(145,632)	-	145,632	-	-	**-**
Shares issued for cash - exercise of warrants	5	1,094,416	488,844	-	(13,136)	-	-	**475,708**
Shares issued for cash - exercise of stock options	5	100,000	92,230	(30,230)	-	-	-	**62,000**
Shares issued for exploration and evaluation assets	4, 5	200,000	73,000	-	-	-	-	**73,000**
Other comprehensive income		-	-	-	-	189,359	-	**189,359**
Loss for the year		-	-	-	-	-	(2,039,631)	**(2,039,631)**
Balance as of September 30, 2022		**46,713,662**	**11,281,349**	**1,009,315**	**316,621**	**196,529**	**(3,805,996)**	**8,997,818**

(Expressed in Canadian Dollars)

		For the years ended	
	Note(s)	September 30, 2022 $	September 30, 2021 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the year		(2,039,631)	(1,565,948)
Adjustments for items not affecting cash:			
Share-based payments		-	729,232
Impairment of evaluation and exploration assets	4	265,317	-
Change in non-cash working capital			
Amounts receivable		(16,700)	(18,913)
Prepaid expenses		(6,770)	(214,464)
Deposits		44,661	(49,661)
Accounts payable and accrued liabilities		(68,034)	(317,656)
Cash flow used in operating activities		**(1,821,157)**	**(1,437,410)**
INVESTING ACTIVITIES			
Exploration and evaluation assets additions	4	(1,484,117)	(615,371)
Reclamation deposits paid	4	(28,651)	-
Cash assumed for the acquisition of Silver Strand Exploration Corp.	3	-	61,752
Cash paid for the acquisition of Silver Strand Exploration Corp.	3	-	(28,618)
Cash paid for acquisition of 1304562 B.C. Ltd.	3	-	(49,325)
Cash flow used in investing activities		**(1,512,768)**	**(631,562)**
FINANCING ACTIVITIES			
Proceeds from share issuances, net of share issue costs	5	3,155,808	3,581,931
Cash flow from financing activities		**3,155,808**	**3,581,931**
Effects of exchange rate changes on cash		(1,168)	43,881
Increase (decrease) in cash		**(179,285)**	**1,556,840**
Cash, beginning of year		**1,606,841**	**50,001**
Cash, end of year		**1,427,556**	**1,606,841**
SUPPLEMENTAL CASH FLOW			
Finders' warrants issued	5	145,632	-
Fair value of warrants issued		-	184,125
Shares issued for acquisition	3, 5	-	4,460,500
Shares issued for exploration and evaluation assets	4, 5	73,000	80,000
Share-based payments capitalized as exploration and evaluation assets		-	222,813
Change in deferred cost related to share issue costs		-	20,000
Exploration and evaluation assets costs included in accounts payable and accrued liabilities	4	232,075	81,290
Reclassification of the fair value of warrants exercised	5	13,136	-
Reclassification of the fair value of options exercised	5	30,230	-
Cash paid for interest during the year		-	-
Cash paid for income taxes during the year		-	-

See accompanying notes to these consolidated financial statements.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Silver Hammer Mining Corp. (the "Company") was formed on May 2, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 206 – 595 Howe Street, Vancouver, British Columbia, Canada.

The Company's common shares are listed on the Canadian Securities Exchange under the symbol "HAMR".

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2022, the Company holds an interest in an early-stage mineral exploration property and the Company had not yet determined whether the Company's mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $ $3,805,996, as of September 30, 2022 (September 30, 2021 – $1,766,365), which has been funded by the issuance of equity. 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. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. While the Company has been successful in obtaining financing in the past, there is no assurance that such financing will continue to be available or be available on favorable terms in the future. An inability to raise additional financing may impact the future assessment of the Company as a going concern. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

These consolidated financial statements of the Company for the year ended September 30, 2022 were approved by the Board of Directors on January 30, 2023.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance with International Financial Reporting Standards

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

The policies set out below were consistently applied to all periods presented unless otherwise noted below.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on September 30, 2022.

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following subsidiaries of the Company:

		Percentage owned	
	Country of incorporation	**September 30, 2022**	**September 30, 2021**
Silver Strand Exploration Corp. (1)	Canada	100%	100%
123456 US Inc.	United States	100%	100%
1304562 BC Ltd. (2)	Canada	100%	100%
1304562 Nevada Ltd.	United States	100%	100%

(1) Formerly known as Silver Hammer Mining Corp.
(2) This company has been dormant since the date of incorporation.

<u>Subsidiaries</u>

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the statement of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Critical accounting estimates

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for based on management's judgement that the carrying amounts will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Measurement of liabilities for share-based payment arrangements

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Company is the Canadian dollar, as this is the currency of the primary economic environment in which the Company operates. The functional currency of the Company's subsidiaries is as follows:

	Functional currency
Silver Strand Exploration Corp.	Canadian Dollar (CA$ or $)
123456 US Inc.	US Dollar (US$)
1304562 BC Ltd.	Canadian Dollar ($)
1304562 Nevada Ltd.	US Dollar (US$)

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Critical accounting judgments (continued)

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Business combinations

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the year ended September 30, 2021, the Company completed the acquisition of Silver Strand Exploration Corp. and 1304562 B.C. Ltd. (Note 3) and concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations."

Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Foreign exchange

Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Translation of the functional currency into the presentation currency

The results of foreign operations which have a different functional currency of the Company are translated to Canadian dollars at appropriate average rates of exchange during the year and are included in other comprehensive income (loss). The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in accumulated other comprehensive income (loss) as a foreign currency translation adjustment. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payments expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payments and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

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 for taxable temporary differences arising on the initial recognition of goodwill and 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 or taxable profit or loss.

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 period, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Exploration and evaluation assets

Once the legal right to explore has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation expenditures, including general administration and overhead costs are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects for the Company, the exploration and evaluation expenditures, along with the acquisition costs, are deemed to be impaired and written off.

The Company assesses exploration and evaluation assets for impairment when the facts and circumstances suggest that the carrying amount of these assets may exceed their recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'Mines under construction'.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Impairment of non-financial assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the cash-generating unit, which is the lowest group of assets in which the asset belongs for which they are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

Loss per share

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

Diluted loss per share is computed by dividing the net loss applicable to the 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. When losses are incurred, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Financial instruments

- **Financial assets**

  Classification and measurement
  The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

  The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

  Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

  Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges. As of September 30, 2022 and 2021, the Company has classified its cash as FVTPL.

  Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of September 30, 2022 and 2021, the Company has no financial assets classified as FVOCI.

  Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of September 30, 2022 and 2021, the Company has classified its deposits and reclamation deposit as amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Financial instruments (continued)

- **Financial assets (continued)**

  Impairment of financial assets at amortized cost
  The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

  Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

  Derecognition of financial assets
  Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- **Financial liabilities**
  The Company classifies its financial liabilities into one of two categories as follows:

  Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

  Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As of September 30, 2022 and 2021, the Company has classified its accounts payable and accrued liabilities as other financial liabilities

Refer to Note 10 for further disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Significant accounting policies (continued)

Flow-through shares
Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby it agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the market price of the existing shares and the amount the investor pays for the flow-through shares. A flow-through share premium liability is recognized for this difference. The Company renounces the deductions for tax purposes related to the eligible exploration and evaluation expenditures on the date the flow-through shares are issued under the look-back rule.

The flow-through share premium liability is reduced on a pro-rata basis and recorded in profit or loss as other income based on the corresponding eligible expenditures that have been incurred.

Recent Accounting Pronouncements
The Company has not identified any new accounting pronouncements that are likely to have a material impact on the consolidated financial statements.

New Accounting Standards and Interpretations
There were no recently adopted accounting standards with a material impact to the consolidated financial statements during the year ended September 30, 2022.

3. ASSETS ACQUSITION AND LIABILITIES ASSUMED

Silver Strand Exploration Corp.
On June 16, 2021, the Company completed the acquisition (the “SS Acquisition”) of all the issued and outstanding securities of Silver Strand Exploration Corp. (formerly Silver Hammer Mining Corp.) (“Silver Strand”) pursuant to the terms of a share exchange agreement dated May 31, 2021 (the “SS Definitive Agreement”) between the Company, Silver Strand and the shareholders of Silver Strand for the Silver Strand Project (Note 4). In connection with the SS Acquisition, the Company issued an aggregate of 7,800,000 common shares with fair value of $1,950,000 in the capital of the Company (the “SS Payment Shares”) to the Silver Strand securityholders. In connection with the SS Acquisition, the Company issued 500,000 common shares with fair value of $125,000 to an arm’s length third party as a finder’s fee and incurred $28,618 transaction costs.

The SS Payment Shares are subject to a voluntary hold period and are scheduled for released as follows:

- On September 16, 2021: 1,950,000 common shares (released)
- On December 16, 2021: 1,950,000 common shares (released)
- On March 16, 2022: 1,950,000 common shares (released)
- On June 16, 2022: 1,950,000 common shares (released)

The SS Acquisition constitutes an asset acquisition as Silver Strand does not meet the definition of a business, as defined in IFRS 3, “Business Combinations”.

(Expressed in Canadian Dollars)

3. ASSETS ACQUSITION AND LIAILIBITIES ASSUMED (CONTINUED)

Silver Strand Exploration Corp. (continued)

The total consideration of $2,103,618 have been allocated as follows:

	$
Cash	61,752
Amounts receivable	6,510
Prepaid expenses	18,859
Exploration and evaluation assets	2,437,943
Accounts payable and accrued liabilities	(421,446)
Purchase price	**2,103,618**
Consideration comprised of:	
Fair value of 7,800,000 common shares issued for acquisition	1,950,000
Fair value of 500,000 common shares issued as finder's fees	125,000
Cash paid for transaction costs	28,618
	2,103,618

1304562 B.C. Ltd.

On September 2, 2021, the Company completed the acquisition (the "BCCO Acquisition") of all the issued and outstanding securities of 1304562 B.C. Ltd. ("BCCO") pursuant to the terms of a share purchase agreement dated August 9, 2021 (the "BCCO Definitive Agreement") between the Company, BCCO and the sole shareholder of BCCO for Eliza Silver Project and Silverton Silver Project (Note 4). In connection with the BCCO Acquisition, the Company issued an aggregate of 3,370,000 common shares with fair value of $2,190,500 in the capital of the Company (the "BCCO Payment Shares") and made a cash payment of $20,000 to the sole shareholder of BCCO. In connection with the BCCO Acquisition, the Company issued 300,000 common shares with fair value of $ 195,000 to an arm's length third party as a finder's fee and incurred $29,325 transaction costs.

The BCCO Payment Shares and 300,000 finder's shares are subject to a voluntary hold period and are scheduled for release as follows:

- On December 3, 2021: 917,500 common shares (released)
- On March 3, 2022: 917,500 common shares (released)
- On June 3, 2022: 917,500 common shares (released)
- On September 3, 2022: 917,500 common shares (released)

The BCCO Acquisition constitutes an asset acquisition as BCCO does not meet the definition of a business, as defined in IFRS 3, "Business Combinations".

(Expressed in Canadian Dollars)

3. ASSETS ACQUSITION AND LIAILIBITIES ASSUMED (CONTINUED)

1304562 B.C. Ltd. (continued)

The total consideration of $2,434,825[1] have been allocated as follows:

	$
Exploration and evaluation assets	
- Eliza Silver Project	1,217,413
- Silverton Silver Project	1,217,412
Purchase price	**2,434,825**
Consideration comprised of:	
Fair value of 3,370,000 common shares issued for acquisition	2,190,500
Fair value of 300,000 common shares issued as finder's fees	195,000
Cash payments	20,000
Cash paid for transaction costs	29,325
	2,434,825

(1) The total consideration paid was allocated equally to Eliza Silver Project and Silverton Silver Project.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

The Company's evaluation and exploration assets are broken down as follows:

	Lacy Project	Silver Strand Project	Eliza Silver Project	Silverton Silver Project	Total
	$	$	$	$	$
Balance as of September 30, 2021	**265,317**	**3,170,098**	**1,287,007**	**1,255,944**	**5,978,366**
During the year ended September 30, 2022					
Acquisition costs					
Cash	-	32,371	31,263	-	**63,634**
Shares	-	73,000	-	-	**73,000**
Total acquisition costs	**-**	**105,371**	**31,263**	**-**	**136,634**
Staking fees	-	-	7,759	11,342	**19,101**
Deferred exploration costs					
Consultants	-	133,914	106,673	106,673	**347,260**
Drilling	-	602,455	-	-	**602,455**
Field	-	31,690	19,841	19,841	**71,372**
Field office administration	-	28,107	28,107	-	**56,214**
Geological	-	341,647	-	-	**341,647**
Lodging and food	-	18,586	-	-	**18,586**
Sample analysis	-	59,978	25,565	25,565	**111,108**
Total deferred exploration costs	**-**	**1,216,377**	**180,186**	**152,079**	**1,548,642**
Impairment	(265,317)	-	-	-	**(265,317)**
Effect of movements in exchange rates	-	142,477	20,028	14,904	**177,409**
Balance as of September 30, 2022	**-**	**4,634,323**	**1,526,243**	**1,434,269**	**7,594,835**

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Lacy Project	Silver Strand Project	Eliza Silver Project	Silverton Silver Project	Total
	$	$	$	$	$
Balance as of September 30, 2020	**97,027**	**-**	**-**	**-**	**97,027**
During the year ended September 30, 2021					
Acquisition costs					
Initial recognition (Note 3)	-	2,437,943	1,217,413	1,217,412	**4,872,768**
Cash	-	31,171	-	-	**31,171**
Shares issued for option payments	30,000	50,000	-	-	**80,000**
Others	-	-	-	-	**-**
Total acquisition costs	**30,000**	**2,519,114**	**1,217,413**	**1,217,412**	**4,983,939**
Staking fees	-	13,201	30,957	-	**44,158**
Deferred exploration costs					
Consultants	-	90,840	24,492	24,492	**139,824**
Drilling	-	209,307	-	-	**209,307**
Field	-	23,746	2,342	2,342	**28,430**
Field office administration	-	1	-	-	**1**
Geological	101,788	27,086	-	-	**128,874**
Lodging and food	-	18,605	1,442	1,442	**21,489**
Sample analysis	-	18,758	-	-	**18,758**
Share-based payments	36,502	166,031	10,140	10,140	**222,813**
Survey	-	74,649	-	-	**74,649**
Total deferred exploration costs	**138,290**	**629,023**	**38,416**	**38,416**	**844,145**
Effect of movements in exchange rates	-	8,760	221	116	**9,097**
Balance as of September 30, 2021	**265,317**	**3,170,098**	**1,287,007**	**1,255,944**	**5,978,366**

Lacy Property

Pursuant to an option agreement dated November 2, 2017 (the "LP Agreement") and amended on October 8, 2020, with Barrie Field-Dyte (the "LP Optionor"), the Company was granted an option to acquire a 100% undivided interest in the Lacy Property (the "LP Property") located in the Alberni Mining Division of British Columbia. The LP Property is comprised of three mineral claims.

In accordance with the LP Agreement, the Company has the option to acquire a 100% undivided interest in the LP Property by paying $10,000 (paid) upon execution of the Agreement and issue 300,000 common shares of the Company (issued with fair value of $30,000) no later than 15 days after the Company's common shares are listed on a securities exchange in Canada.

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Lacy Property (continued)
The LP Optionors will retain a 2% net smelter returns royalty (the "NSR") on the LP Property. The Company has the right to purchase each of the percentage of NSR for $1,000,000 during the five-year period commencing from the date the LP Property is put into commercial production.

During the year ended September 30, 2022, the Company decided not to continue exploration of the Lacy Property. As a result of the Company's management's decision not to conduct any significant work on the Lacy Property in the near future, the Company impaired the capitalized costs associated with the Lacy Property with an amount of $265,317 during the year ended September 30, 2022.

Silver Strand Project

Asset Purchase Agreement with Silver Strand Development LLC.
In connection with the SS Acquisition (Note 3), the Company through 123456 US Inc., the wholly owned subsidiary of Silver Strand, entered into an asset purchase agreement with a third party, Silver Strand Development LLC. ("SSD"), (the "SSD Agreement") to acquire a 100% interest in certain mineral claims (the "SSD Claims") located in the State of Idaho, USA.

To acquire 100% interest of the SSD Claims, the Company will have to:

- Pay US$10,000 to SSD for the transfer of the title to 123456 US Inc. of the SSD Claims (the "Transfer of Title") (paid);
- Pay US$25,000 to SSD within 5 business days of the SS Acquisition (paid – $31,171);
- Issue 200,000 common shares of the Company to SSD at the date of the SS Acquisition (issued with fair value of $50,000);
- Pay US$25,000 to SSD on the first anniversary following the completion of the SS Acquisition (paid – $32,371); and
- Issue 200,000 common shares of the Company to SSD on the first anniversary following the completion of the SS Acquisition (issued with fair value of $73,000).

Eliza Silver Project and Silverton Silver Project
In connection with the BCCO Acquisition (Note 3), the Company owns a 100% interest in the Eliza Silver Project and the Silverton Silver Mine.

During the year ended September 30, 2022, the Company entered into an asset purchase agreement with Treasure Hill Resources LLC ("TH Resources") to acquire certain patented mining claims and associated property rights in White Pine County, Nevada (the "California Patent") with an amount of $31,263 (US$25,000). TH Resources will retain a 1% NSR from the production of minerals from the California Patent.

During the year ended September 30, 2022, the Company made a reclamation deposit of $28,651 (US$22,600) as collateral for the Silverton Silver project in the event of future operations. As of September 30, 2022, the balance of the reclamation deposit was $31,049 (US$22,600) (September 30, 2021 – $nil).

5. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value.

Escrow shares
On March 4, 2021, the Company entered into an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings*, whereby common shares will be held in escrow and are scheduled for release as follows:

- On the Listing Date: 250,000 common shares (released)
- On November 3, 2021: 375,000 common shares (released)
- On May 3, 2022: 375,000 common shares (released)
- On November 3, 2022: 375,000 common shares (released subsequent to September 30, 2022)
- On May 3, 2023: 375,000 common shares
- On November 3, 2023: 375,000 common shares
- On May 3, 2024: 375,000 common shares

As of September 30, 2022, there were 1,500,000 common shares held in escrow (September 30, 2021 – 2,250,000).

Issued share capital
As of September 30, 2022, the Company had 46,713,662 (September 30, 2021 – 37,405,960) common shares issued and outstanding.

During the year ended September 30, 2022

- On June 2, 2022, the Company completed a brokered private placement and non-brokered private placement (collectively the "2022 Financing") by issuing 7,325,286 units and 588,000 units, respectively, at $0.38 per unit for total gross proceeds of $3,007,049. Each unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 for a period of 24 months from the closing date of the 2022 Financings.

  For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and concluded no value was allocated to the warrants.

  In connection with the 2022 Financing, the Company paid a cash commission of $182,146 to the agent, a cash advisory fee of $27,900 and issued 502,831 broker's warrants and 50,000 advisory warrants. The broker's warrants and advisory warrants are exercisable to acquire one common share of the Company at a price of $0.38 for a period of 24 months from the closing date of the 2022 Financings.

  The Company estimated the fair value of broker's warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 2.80%, an expected life of 2 years, an expected volatility of 103% and an expected dividend yield of 0%, which totaled $136,602, and recorded these values as share issuance costs.

  The Company estimated the fair value of advisory warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 3.31%, an expected life of 2 years, an expected volatility of 105% and an expected dividend yield of 0%, which totaled $9,030, and recorded these values as share issuance costs.

  In addition, the Company incurred $178,903 in other share issuance costs.

5. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended September 30, 2022 (continued)

- On August 18, 2022, the Company issued 200,000 common shares of the Company with fair value of $73,000 pursuant to the SSD Agreement (Note 4).

- 1,094,416 warrants were exercised for proceeds of $475,708. In addition, the Company reclassified the grant date fair value of the exercised warrants of $13,136 from warrants reserve to share capital.

- 100,000 stock options were exercised for proceeds of $62,000. In addition, the Company reclassified the grant date fair value of the exercised options of $30,230 from stock options reserve to share capital.

During the year ended September 30, 2021

- On April 30, 2021, the Company completed the initial public offering of common shares through the Agent (the "Offering "). The Offering was fully subscribed for gross proceeds of $300,000. In consideration for the Agent's services provided in connection with the Offering, the Company paid a cash commission of $24,000 and a corporate finance fee of $7,500. The Company also issued the Agent and a member of its selling group an aggregate of 240,000 non-transferable and non-assignable warrants to purchase common shares of the Company (the "Agent's Warrants"). Each Agent's Warrant is exercisable to purchase one common share for a price of $0.10 per common share until April 30, 2023.

  The Company estimated the fair value of Agent's Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.29%, an expected life of 2 years, an expected volatility of 88% and an expected dividend yield of 0%, which totaled $11,237, and recorded these values as share issuance costs.

  In addition, the Company incurred $32,000 share issuance costs of which $20,000 was paid during the year ended September 30, 2020.

- On April 30, 2021, the Company issued 300,000 common shares of the Company with fair value of $30,000 pursuant to the LP Agreement (Note 4).

- On June 16, 2021, the Company completed a non-brokered private placement (the "Private Placement") by issuing 14,085,960 units (the "Units") at $0.25 per Unit for total gross proceeds of $3,521,490. Each Unit is comprised of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 for a period of 24 months from the closing date of the Private Placement.

  For accounting purposes, the Company applied the residual method to allocate the proceeds to common shares and warrants and concluded no value was allocated to the warrants.

  Pursuant to the SS Definitive Agreement, the Company has the right to accelerate the expiry date of the Warrants if the ten-day volume-weighted average trading price of the shares is greater than $0.60.

  In connection with the Private Placement, the Company paid finder's fees of $147,885 and issued 591,500 finder's warrants (the "Finder's Warrants"). The Finder's Warrants are exercisable on the same terms as the Private Placement Warrants.

5. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended September 30, 2021 (continued)

The Company estimated the fair value of Finder's Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.37%, an expected life of 2 years, an expected volatility of 84% and an expected dividend yield of 0%, which totaled $172,888, and recorded these values as share issuance costs.

In addition, the Company incurred $28,174 share issuance costs.

- On June 16, 2021, the Company completed the SS Acquisition and issued the SS Payment Shares with fair value of $1,950,000 (Note 3). In connection with the SS Acquisition, the Company also issued 500,000 common shares with fair value of $125,000 to an arm's length third party as a finder's fee.

  As discussed in Note 3, the SS Payment Shares are subject to a voluntary hold period and are scheduled for released as follows:

  - On September 16, 2021: 1,950,000 common shares (released)
  - On December 16, 2021: 1,950,000 common shares (released)
  - On March 16, 2022: 1,950,000 common shares (released)
  - On June 16, 2022: 1,950,000 common shares (released)

- On June 16, 2021, the Company issued 200,000 common shares of the Company with fair value of $50,000 pursuant to the LP Agreement (Note 4).

- On September 3, 2021, the Company completed the BCCO Acquisition and issued the BCCO Payment Shares with fair value of $1,190,500 (Note 3). In connection with the BCCO Acquisition, the Company also issued 300,000 common shares with fair value of $195,000 to an arm's length third party as a finder's fee.

  As discussed in Note 3, the BCCO Payment Shares and 300,000 finder's shares are subject to a voluntary hold period and are scheduled for released as follows:

  - On December 3, 2021: 917,500 common shares (released)
  - On March 3, 2022: 917,500 common shares (released)
  - On June 3, 2022: 917,500 common shares (released)
  - On September 3, 2022: 917,500 common shares (released)

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

Warrants

The changes in warrants during the years ended September 30, 2022 and 2021 are as follows:

	September 30, 2022		September 30, 2021	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**7,874,480**	**0.49**	50,000	0.10
Issued	4,509,474	0.49	7,874,480	0.49
Exercised	(1,094,416)	0.43	-	-
Expired	-	-	(50,000)	0.10
Balance, end of year	**11,289,538**	**0.49**	**7,874,480**	**0.49**

The following summarizes information about warrants outstanding at September 30, 2022:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
March 11, 2023	0.10	61,250	2,868	0.44
June 16, 2023	0.50	6,718,814	168,120	0.71
June 2, 2024	0.38	502,831	136,603	1.67
June 2, 2024	0.50	3,956,643	-	1.67
June 21, 2024	0.38	50,000	9,030	1.73
		11,289,538	**316,621**	**1.09**

Options

The Company has a share option plan (the "Plan") that allows it to grant options to its employees, officers, directors and consultants. A fixed maximum of 10% of the common shares issued may be granted. The exercise price of each option shall not be less than the closing market price for the common shares on the trading day prior to the date of the grant. Options may have a maximum term of ten years. Vesting conditions of options is at the discretion of the Board of Directors at the time the options are granted.

The changes in options during the years ended September 30, 2022 and 2021 are as follows:

	September 30, 2022		September 30, 2021	
	Number outstanding	Weighted average exercise price ($)	Number outstanding	Weighted average exercise price ($)
Balance, beginning of year	**2,700,000**	**0.62**	-	-
Granted	-	-	2,700,000	0.62
Exercised	(100,000)	0.62	-	-
Cancelled	(200,000)	0.62	-	-
Balance, end of year	**2,400,000**	**0.62**	**2,700,000**	**0.62**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

Options

No stock options were granted during the year ended September 30, 2022.

During the year ended September 30, 2021

- On June 16, 2021, the Company granted 2,000,000 options with an exercise price of $0.62 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- On June 24, 2021, the Company granted 600,000 options with an exercise price of $0.62 to its directors and officers. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- On August 9, 2021, the Company granted 100,000 options with an exercise price of $0.65 to its consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

The estimated grant date fair value of the options granted during the year ended September 30, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	2,700,000
Risk-free interest rate	0.81%
Expected annual volatility	79%
Expected life (in years)	5.00
Expected dividend yield	0%
Grant date fair value per option ($)	0.35
Share price at grant date ($)	0.57

During the year ended September 30, 2022, the Company recognized share-based payments expense of $nil (September 30, 2021 – $952,045 of which $222,813 was capitalized as exploration and evaluation expenses (Note 4)).

The following summarizes information about stock options outstanding and exercisable at September 30, 2022:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 16, 2026	0.62	2,000,000	750,000	730,468	3.71
June 24, 2026	0.62	300,000	300,000	90,691	3.73
August 9, 2026	0.65	100,000	100,000	40,196	3.86
		2,400,000	**1,150,000**	**861,355**	**3.72**
Weighted average exercise price ($)		**0.62**	**0.63**		

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

Related party transactions

The Company considered the executive officers and directors as the key management of the Company.

Total compensation of key company personnel for the years ended September 30, 2022 and 2021 is as follows:

	For the years ended	
	September 30, 2022	**September 30, 2021**
	$	**$**
Professional fees	136,380	72,020
Consulting fees	175,000	65,417
Share-issuance costs	3,500	-
Share-based compensation	-	449,632
	314,880	**587,069**

During the year ended September 30, 2022, the Company paid consulting fees of $175,000 (September 30, 2021 – $65,417) to All Mine Consulting, a corporation controlled by the President.

During the year ended September 30, 2022, the Company paid professional fees of $136,380 (September 30, 2021 – $72,020) and share issuance costs related to the 2022 Financings of $3,500 to Quantum Advisory Partners LLP, a partnership in which the CFO is an incorporated partner, for professional services including accounting support.

Related party balances

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $11,156 as at September 30, 2022 (September 30, 2021 – $15,407). These amounts are unsecured, non-interest bearing and payable on demand.

7. CONTINGENCIES

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Other than disclosed herein, the Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

(Expressed in Canadian Dollars)

8. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Canada $	United States $	Total $
As at September 30, 2022			
Non-current assets			
Reclamation deposits	-	31,049	31,049
Evaluation and exploration assets	-	7,594,835	7,594,835
	-	**7,594,835**	**7,594,835**
As at September 30, 2021			
Non-current assets			
Evaluation and exploration assets	451,628	5,526,738	5,978,366
	451,628	**5,526,738**	**5,978,366**

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	September 30, 2022 $	FVTPL $	Amortized cost $	FVTOCI $
Financial assets:				
ASSETS				
Cash	1,427,556	1,427,556	-	-
Deposits	5,000	-	5,000	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	352,723	-	352,723	-

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

	September 30, 2021 $	FVTPL $	Amortized cost $	FVTOCI $
Financial assets:				
ASSETS				
Cash	1,606,841	1,606,841	-	-
Deposits	49,661	-	49,661	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	274,852	-	274,852	-

The carrying values of cash, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Deposits approximately their fair value due to their liquidity.

As at September 30, 2022 and 2021, the financial instrument recorded at fair value on the statements of financial position is cash which is measured using Level 1 of the fair value hierarchy. As at September 30, 2022 and 2021, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash based in Canada are accessible.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at September 30, 2022, the Company had cash of $1,427,556 and accounts payable and accrued liabilities of $352,723. All accounts payable and accrued liabilities are current.

Market risk
The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

- ***Interest rate risk***
  Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash is easily accessible.

  The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. The Company is not exposed to significant interest rate risk relating to its cash.

- ***Foreign currency risk***
  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in CA$. The Company has not entered into any foreign currency contracts to mitigate this risk.

  The Company's cash, deposits, and accounts payable and accrued liabilities are held in CA$ and US$; therefore, US$ accounts are subject to fluctuation against the CA$.

  The Company's financial instruments were denominated as follows as at September 30, 2022:

	CA$	**US$**
Cash	1,377,167	36,677
Deposits	5,000	-
Reclamation deposits	-	22,600
Accounts payable and accrued liabilities	(135,187)	(158,340)
	1,246,980	**(99,063)**
Rate to convert to $1.00 CAD	1.00000	1.37386
Equivalent to CAD	**1,246,980**	**(136,099)**

Based on the above net exposures as at September 30, 2022, and assuming that all other variables remain constant, a 10% change of the CA$ against the US$ would change profit or loss by approximately $8,000.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

11. INCOME TAXES

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

	2022 $	2021 $
Loss for the year	**(1,850,772)**	(1,558,788)
Expected income tax (recovery)	(500,000)	(421,000)
Change in foreign exchange rates and other	1,878,000	60,000
Non-deductible expenses	2,000	197,000
Share issue cost	(105,000)	[70,000)
Change in unrecognized deductible temporary differences	(1,275,000)	234,000
Total income tax expense (recovery)	**-**	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	September 30, 2022 $	Expiry Range	September 30, 2021 $	Expiry Range
Temporary Differences				
Exploration and evaluation assets	(7,591,000)	No expiry date	3,000	No expiry date
Property and equipment	-	No expiry date	-	No expiry date
Share issue costs	78,000	2043 to 2046	(34,000)	2042 to 2045
Intangible assets	-	No expiry date	-	No expiry date
Non-capital losses available for future period	2,792,000	2027 to 2042	898,000	2026 to 2041

Tax attributes are subject to review and potential adjustment by tax authorities.