PROSPECT RIDGE RESOURCES CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
(Presented in Canadian Dollars)
(Unaudited – prepared by Management)

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2023

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

PROSPECT RIDGE RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars - Unaudited)
AS AT

		May 31, 2023		**August 31, 2022**
ASSETS				
Current				
Cash	$	2,062,364	$	3,168,488
Receivables		16,890		64,200
Refundable tax credit (Note 6)		308,349		581,933
Prepaid expenses		56,084		204,735
		2,443,687		4,019,356
Reclamation Deposit (Note 7)		59,500		59,500
Equipment and right-of-use assets (Note 4)		374,911		612,198
Exploration and evaluation assets (Note 6)		4,459,750		3,970,000
Total Assets	$	7,337,848	$	8,661,054
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	194,826	$	291,539
Current portion of lease liabilities (Note 5)		23,828		118,664
		218,654		410,203
Lease liabilities – non-current (Note 5)		93,923		189,798
Total Liabilities		312,577		600,001
Shareholders' Equity				
Share capital (Note 8)		11,953,502		11,473,154
Commitment to issue finder's shares (Note 6)		262,857		328,571
Contributed surplus (Note 8)		2,168,256		2,057,709
Deficit		(7,359,344)		(5,798,381)
Total Shareholders' Equity		7,025,271		8,061,053
Total Liabilities and Shareholders' Equity	$	7,337,848	$	8,661,054

Nature and continuance of operations (Note 1)

Approved and authorized by the Board of Directors on July 31, 2023:

"Michael Iverson" Director *"Yan Ducharme"* Director

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

PROSPECT RIDGE RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars - Unaudited)
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2023 AND 2022

	For the three months ended		For the nine months ended	
	May 31, 2023	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
EXPENSES				
Depreciation (Note 4)	$ 27,241	$ 20,217	$ 88,504	$ 41,807
Exploration and evaluation expenditures (Note 6)	189,849	245,378	988,240	728,143
Insurance	3,792	7,005	24,705	17,054
Investor relations	33,908	242,366	167,577	956,076
Management and consulting fees (Note 9)	90,000	90,500	267,868	292,733
Office and miscellaneous	27,050	27,656	81,623	30,265
Professional fees	13,500	28,991	97,321	71,703
Share-based payments (Notes 8, 9)	110,547	367,860	110,547	889,125
Transfer agent and filing fees	3,191	7,475	16,015	18,554
Travel expense	8,516	21,916	30,272	30,164
Lease accretion (Note 5)	412	150	4,002	162
Gain on write-off of accounts payable	-	-	(13,029)	-
Recovery of tax credits (Note 6)	(55,882)	-	(292,881)	-
Gain on modification of lease liabilities	-	-	(3,020)	-
Gain on sale of equipment	-	-	(6,781)	-
Loss and comprehensive loss for the period	$ (452,124)	$ (1,059,514)	$ (1,560,963)	$ (3,075,786)
Basic and diluted loss per common share	$ (0.00)	$ (0.02)	$ (0.03)	$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	197,811,224	50,009,772	51,821,535	47,555,535

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

PROSPECT RIDGE RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars - Unaudited)
FOR THE NINE MONTHS ENDED

		May 31, 2023		May 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(1,560,963)	$	(3,075,786)
Items not affecting cash:				
Depreciation		88,504		41,807
Share-based payments		110,547		889,125
Lease accretion		4,002		162
Recovery of tax credits		(292,881)		-
Gain on sale of equipment		(6,781)		-
Gain on modification of lease liabilities		(3,020)		-
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities		(71,829)		(442,494)
Prepaid expenses		148,651		(288,981)
Refundable tax credit		566,465		-
Receivables		47,310		(11,814)
Net cash used in operating activities		(969,995)		(2,887,981)
CASH FLOWS FROM INVESTING ACTIVITIES				
Reclamation deposit		-		(59,500)
Proceeds on sale of equipment		59,000		-
Acquisition of exploration and evaluation assets		(100,000)		(220,000)
Acquisition of equipment		(58,509)		(225,217)
Net cash used in investing activities		(99,509)		(504,717)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements		-		7,263,000
Proceeds from warrant exercise		-		11,320
Share issuance costs		-		(243,440)
Lease payments		(36,620)		(3,471)
Net cash (used in) provided by financing activities		(36,620)		7,027,409
Change in cash during the period		(1,106,124)		3,634,711
Cash, beginning of period		3,168,488		764,359
Cash, end of period	$	2,062,364	$	4,399,070
Supplemental cash flow information:				
Recognition of Right of Use Asset	$	-	$	143,009
Fair value of warrants exercised	$	-	$	5,909
Finder’s warrants	$	-	$	210,037
Shares issued for debt	$	24,884	$	-
Termination of site lease	$	158,093	$	-
Shares issued for exploration and evaluation assets	$	455,464	$	3,333,929

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

PROSPECT RIDGE RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars - Unaudited)

	Share capital						
	Number	**Amount**	**Commitment to issue finder's shares**	**Subscriptions received in advance**	**Contributed surplus**	**Deficit**	**Total**
Balance, August 31, 2021	28,655,001	$ 1,260,973	$ 460,000	$ -	$ 964,456	$ (1,690,346)	$ 995,083
Shares issued for private placements	18,405,856	7,263,000	-	-	-	-	7,263,000
Shares issued for exploration and evaluation assets	2,835,715	3,202,500		-	-	-	3,202,500
Share issuance costs – common shares	-	(78,608)	(131,429)	-	210,037	-	-
Share issuance costs – cash	-	(243,440)	-	-	-	-	(243,440)
Warrants exercised	113,200	17,229	-	-	(5,909)	-	11,320
Share-based payments	-	-	-	-	889,125	-	889,125
Loss for the period	-	-	-	-	-	(3,075,786)	(3,075,786)
Balance, May 31, 2022	50,009,772	11,421,654	328,571	-	2,057,709	(4,766,132)	9,041,802
Share-based payments	-	-	-	-	367,860	-	367,860
Loss for the period	-	-	-	-	-	(2,091,763)	(2,091,763)
Balance, August 31, 2022	50,009,772	11,473,154	328,571	-	2,057,709	(5,798,381)	8,061,053
Shares issued for exploration and evaluation assets	1,892,857	455,464	(65,714)	-	-	-	389,750
Shares issued for debt	124,419	24,884	-	-	-	-	24,884
Share-based payments	-	-	-	-	110,547	-	110,547
Loss for the period	-	-	-	-	-	(1,560,963)	(1,560,963)
Balance, May 31, 2023	52,027,048	$ 11,953,502	$ 262,857	$ -	$ 2,168,256	$ (7,359,344)	$ 7,025,271

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Prospect Ridge Resources Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on April 6, 2020. The Company is principally engaged in the acquisition and exploration of resource properties. The Company's head office is located at 700 West Georgia St, Suite 1500, Vancouver, BC V7Y 1C6, and its registered and records office is located at 625 Howe Street, Suite 1120, Vancouver, BC V6C 2T6. The Company's shares are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol PRR.

The Company is in the process of exploring and evaluating its resource properties and investing in potential new acquisitions and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and are compliant with IAS 34 "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required for full annual financial statements.

Basis of Presentation

These condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency. The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

Use of Estimate and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Critical accounting estimates

Share-based payments:

Stock options and warrants are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's options and warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Exploration and evaluation assets:

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

Accrual of refundable mining tax credits:

The provincial government of BC provides for a refundable tax on net qualified mining exploration expenditures incurred in BC. The credit is calculated as 30% of qualified mining exploration expenses. Management has estimated and accrued the likely refundable amount arising from expenditures incurred.

Critical accounting judgments

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.

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

The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

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 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 deferred income tax provisions or recoveries could be affected.

(Presented in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are consistent with those applied in the Company's financial statements for the year ended August 31, 2022. These condensed interim financial statements should be read in conjunction with the Company's most recent annual financial statements for the year ended August 31, 2022.

4. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-Use Assets – Office	Right-of-Use Assets - Vehicles	Field Equipment	Vehicles	Drills	Office Equipment	Total
Cost							
Balance, August 31, 2021	213,676	143,009	2,500	73,941	55,288	-	149,524
Additions	-	-	62,197	85,993	58,865	31,827	577,772
Balance, August 31, 2022	213,676	143,009	64,697	159,934	114,153	31,827	727,296
Additions	-	-	8,509	50,000	-	-	58,509
Derecognized / disposal	(213,676)	-	-	(69,392)	-	-	(283,068)
Balance, May 31, 2023	$ -	$ 143,009	$ 73,206	$ 140,542	$ 114,153	$ 31,827	$ 502,737
Accumulate Depreciation							
Balance, August 31, 2021	16,312	-	125	3,697	2,764	-	22,898
Depreciation	25,968	8,250	8,066	23,475	22,444	3,997	92,200
Balance, August 31, 2022	42,280	8,250	8,191	27,172	25,208	3,997	115,098
Depreciation	16,323	18,335	10,981	18,581	17,123	7,161	88,504
Disposals	(58,603)	-	-	(17,173)	-	-	(75,776)
Balance, May 31, 2023	$ -	$ 26,585	$ 19,172	$ 28,580	$ 42,331	$ 11,158	$ 127,826
As at August 31, 2022	$ 171,396	$ 134,759	$ 56,506	$ 132,762	$ 88,945	$ 27,830	$ 612,198
As at May 31, 2023	$ -	$ 116,424	$ 54,034	$ 111,962	$ 71,822	$ 20,669	$ 374,911

The Company's right-of-use assets relate to the lease on its office premises, which was terminated during the period ended May 31, 2023 (Note 5). During the period ended May 31, 2023, the Company also sold vehicles with an aggregate net book value of $52,219 and recognized a gain of $6,781 in profit or loss.

5. LEASE LIABILITIES

During the year ended August 31, 2022, the Company entered into three new leases: two 6-year vehicle leases with aggregate discounted payments of $143,009, and a 12-month office lease agreement with discounted payments of $195,881. During the period ended May 31, 2023, the Company terminated its office lease. In association with the termination, the Company recognized a decrease of $158,093 to lease liabilities, $155,073 to right-of-use assets, and a corresponding gain on modification of lease liabilities of $3,020 in profit or loss.

In calculating present values, the Company used a discount rate of 10% for office leases and 1.4% for vehicle leases.

(Presented in Canadian Dollars - Unaudited)

5. LEASE LIABILITIES (cont'd…)

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at May 31, 2023:

Fiscal year		Payment
2023	$	6,207
2024		24,831
2025		24,831
2026		24,831
2027		24,831
2028		16,237
Amount representing future lease accretion		(4,017)
Lease liabilities as at May 31, 2023	$	117,751

The following is a reconciliation of the changes in the lease liabilities:

Lease liabilities		May 31, 2023		August 31, 2022
Balance, beginning of period	$	308,462	$	1,549
Additions		-		338,890
Derecognized		(158,093)		-
Lease accretion		4,002		5,179
Lease payments		(36,620)		(37,156)
Balance, end of period	$	117,751	$	308,462
Represented as:				
Current portion of lease liabilities	$	23,828	$	118,664
Non-current portion of lease liabilities	$	96,923	$	189,798

6. EXPLORATION AND EVALUATION ASSETS

Mineral Property Acquisition Costs by Project

		Galinee Property		**Holy Grail Property**		**Knauss Creek Property**		**Total**
Acquisition costs								
Balance, August 31, 2021	$	105,000	$	460,000	$	-	$	565,000
Cash		-		270,000		10,000		280,000
Shares		-		2,460,000		770,000		3,230,000
Write-off		(105,000)		-		-		(105,000)
Balance, August 31, 2022		-		3,190,000		780,000		3,970,000
Cash		-		100,000		-		100,000
Shares		-		250,000		139,750		389,750
Balance, May 31, 2023	$	-	$	3,540,000	$	919,750	$	4,459,750

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Galinee Property

On June 26, 2020, the Company entered into an agreement, whereby it had the right to earn a 100% interest in the Galinee Property in the Baie-James, Quebec. The Galinee Property was subject to a 1% net smelter returns ("NSR") royalty.

Pursuant to the terms of the agreement, the Company was obligated to pay $200,000 (paid $75,000) and issue 150,000 common shares (issued) to Galinee over a two-year period.

Due to unfavourable market conditions, the Company terminated the option agreement. Accordingly, as of August 31, 2022, acquisition costs of $105,000 related to the property were written-off in profit or loss.

Holy Grail Property

On August 26, 2021, the Company entered into an agreement (the "Holy Grail Option Agreement") with Loan Wolf Exploration Ltd. ("Loan Wolf"), whereby the Company had the option to acquire a 100% interest in the Holy Grail Property, including the placer claims comprising the Property, in north of Terrace, B.C.

In the period ended May 31, 2023, the Company and Loan Wolf entered into an agreement to supersede the terms of the Holy Grail Option Agreement whereby the Company finalized its acquisition of 100% of the Holy Grail property. There are no further payments or commitments with respect to the Holy Grail property.

The Holy Grail property is subject to a 3% NSR, amended in the period ended May 31, 2023. The NSR is comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased for $1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for $1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

Holy Grail Finder's Fees

In connection with the Holy Grail Option Agreement, the Company entered into a finder's fees agreement with Triple K Ventures Ltd., a company related to the Chief Executive Officer, pursuant to which the Company will pay finder's fees of 1,000,000 common shares in the capital of the Company (the "Finder's Shares"), upon the successful closing of the transaction in accordance with the following schedule:

(a) 285,715 Finder's Shares on the date that the Option Agreement is signed;
(issued with fair value of $131,429)
(b) 142,857 Finder's Shares on the first anniversary of the Option Agreement;
(issued with fair value of $65,714)
(c) 142,857 Finder's Shares on the second anniversary of the Option Agreement;
(d) 142,857 Finder's Shares on the third anniversary of the Option Agreement;
(e) 142,857 Finder's Shares on the fourth anniversary of the Option Agreement; and
(f) 142,857 Finder's Shares on the fifth anniversary of the Option Agreement;

On entering into the finder's fee agreement, the Company recorded a commitment to issue finder's shares of $460,000. During the period ended May 31, 2023, the commitment to issue finder's shares has been reduced to $262,857.

(Presented in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Knauss Creek Property

On November 3, 2021, the Company entered an agreement (the "Knauss Creek Agreement") with Loan Wolf and Knauss Creek Mines Ltd. ("Knauss") to acquire a 100% interest in the Knauss Creek Property, for a cash payment of $10,000 (paid), the issuance of 1,200,000 common shares (issued at a total value of $808,000) and incurring total exploration expenditures of $1,000,000 (incurred) on or before October 31, 2023. The Company completed the requirements during the period ended May 31, 2023, accordingly, has acquired 100% of the Knauss Creek Property.

The Knauss Creek Property is subject to the same 3% NSR terms as the Holy Grail Property (as above). The NSR is comprised of 1.5% payable to Loan Wolf, of which 1% can be purchased for $1,000,000, and 1.5% payable to Knauss Creek Mines Ltd. of which 1% can be purchased for $1,000,000. The NSR repurchase is available at any time prior to the date which is 180 days after commencement of commercial production.

The Company has issued an aggregate of 100,000 common shares to Loan Wolf as finder's fees under the Knauss Creek Agreement. No further shares are issuable.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the period ended May 31, 2023 is detailed below:

	Holy Grail	Knauss Creek	Total
Claims	$ 6,370	$ 3,770	$ 10,140
Geology	53,560	40,260	93,820
Prospection/Geochemistry	269,204	143,870	413,074
Drilling	24,039	445,329	469,368
	$ 353,173	$ 633,229	$ 986,402

Exploration and evaluation expenditures for the year ended August 31, 2022, is detailed below:

	Holy Grail	Knauss Creek	Total
Claims	$ 30,246	$ 2,000	$ 32,246
Geophysics	11,973	-	11,973
Geology	149,120	68,044	217,164
Prospection/Geochemistry	630,458	202,866	833,324
Drilling	53,141	541,590	594,731
Technical studies	5,666	12,000	17,666
	$ 880,604	$ 826,500	$ 1,707,104

As at May 31, 2023, the Company has recorded a BC mineral tax credit receivable of $308,349 (August 31, 2022 - $581,993) for expenditures incurred in the year ended August 31, 2022, and the nine months ended May 31, 2023. The Company received $566,465 in BC mineral tax credit refunds during the period ended May 31, 2023 in relation to expenditures incurred in the years ended August 31, 2022 and 2021.

7. RECLAMATION DEPOSITS

As at May 31,2023 the Company held $59,500 (August 31, 2022 - $59,500) in deposits with a financial institution as security for reclamation requirements in relation to the Holy Grail and Knauss Creek properties.

8. SHARE CAPITAL

Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued Share Capital

During the period ended May 31, 2023, the Company:

a) Issued 700,000 common shares valued at $133,000 and issued 50,000 Finder's shares valued at $6,750 for the Knauss Creek Property option agreement (Note 6).

b) Issued 1,000,000 common shares valued at $250,000 and issued 142,857 Finder's shares valued at $65,714 for the Holy Grail Property option agreement (Note 6).

c) Issued 124,419 common shares at $0.20 per share to settle debt of $24,884, of which $18,400 was owed to related parties (Note 9).

During the year ended August 31, 2022, the Company:

a) Completed a private placement by issuing 17,142,856 units at a price of $0.35 per unit for total proceeds of $6,000,000. Each unit consists of one common share and one-half of one share purchase warrant entitling the holder to purchase one additional common share at a price of $0.70 per common share for 18 months from the date of issuance, subject to a forced exercise clause in the event that the trading price of the common shares equals or exceeds $1.15 for 10 consecutive days.

   In connection with the offering, the Company paid an aggregate of $88,938 in finders' fees, issued 250,510 finder's warrants and incurred an additional $42,315 in other closing costs. The warrants were valued at $181,504 using Black-Scholes. Each warrant entitles the holder to purchase one additional common share at a price of $0.70 per common share for a period of 18 months following closing, expiring March 24, 2023. The Company used the following assumptions when valuing the finders' warrants: expected volatility of 100%, risk free interest rate of 0.49%, life of 1.5 years, dividend yield of 0% and forfeiture rate of 0%.

b) Issued 113,200 common shares at a price of $0.10 per common share for proceeds of $11,320 from the exercise of broker warrants.

c) Issued 2,000,000 common shares valued at $2,460,000 and issued 285,715 Finder's shares valued at $131,429 per Holy Grail Property option agreement (Note 6).

(Presented in Canadian Dollars - Unaudited)

8. SHARE CAPITAL (cont'd…)

Issued Share Capital (cont'd…)

d) Completed a private placement by issuing 1,263,000 units at a price of $1.00 per unit for total proceeds of $1,263,000. Each unit consists of one common share and one-half of one share purchase warrant entitling the holder to purchase one additional common share at a price of $1.50 per common share for 18 months from the date of issuances, subject to a forced exercise clause in the event that the trading price of the shares equals or exceeds $2.25 for 10 consecutive days.

In connection with the offering, the Company paid an aggregate of $75,110 in finders' fees and issued 75,110 finder's warrants and incurred an additional $13,077 in other closing costs. The warrants were valued at $28,533 using Black-Scholes. Each finder's warrant entitling the holder to purchase one common share at $1.50 per common share for a period of 18 months from the date of issuance. Each warrant entitles the holder to purchase one additional common share at a price of $0.70 per common share for a period of 18 months following closing, expiring June 16, 2023. The Company used the following assumptions when valuing the finders' warrants: expected volatility of 100%, risk free interest rate of 0.87%, life of 1.5 years, dividend yield of 0% and forfeiture rate of 0%.

e) Issued 550,000 common shares valued at $770,000 per Knauss Creek Property agreement (Note 6).

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Options			Warrants		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Balance, August 31, 2021	2,850,000	$	0.50	113,200	$	0.10
Exercised	-		-	(113,200)		0.10
Granted	1,575,000		0.50	9,528,543		0.76
Cancelled	(750,000)		1.10	-		-
Balance, August 31, 2022	3,675,000	$	0.50	9,528,543	$	0.76
Granted	3,200,000		0.20	-		-
Cancelled	(3,875,000)		0.50	(8,821,933)		0.70
Balance, May 31, 2023, outstanding	3,000,000	$	0.20	706,610	$	1.50
Balance, May 31, 2023, exercisable	3,000,000	$	0.20	706,610	$	1.50

(Presented in Canadian Dollars - Unaudited)

8. SHARE CAPITAL (cont'd…)

Stock options and warrants (cont'd…)

As at May 31, 2023, the following stock options were outstanding:

Number Outstanding	Number Outstanding and Exercisable		Exercise Price	Expiry Date	Remaining Life (years)
2,225,000	2,225,000	$	0.20	March 1, 2028	4.76
900,000	900,000	$	0.20	March 3, 2028	4.76
75,000	75,000	$	0.20	March 16, 2028	4.80
3,200,000	3,200,000				

As at May 31, 2023, the following warrants were outstanding:

Number Outstanding	Number Outstanding and Exercisable		Exercise Price	Expiry Date	Remaining Life (years)
631,500	631,500	$	1.50	June 16, 2023*	0.04
75,110	75,110	$	1.50	June 16, 2023*	0.04
706,610	706,610				

* Subsequent to May 31, 2023, these warrants expired unexercised.

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years, with the exception any options extended due to a Blackout Period. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant.

During the period ended May 31, 2023, the Company granted 3,200,000 stock options (2022 – 1,075,000). The weighted average fair value of options granted during the period ended May 31, 2023, was $0.08 (2022 - $0.78). Total share-based payments recognized in the statement of loss and comprehensive loss for the period ended May 31, 2023, was $110,547 (2022 - $889,125) for incentive options vested in the period. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

(Presented in Canadian Dollars - Unaudited)

8. SHARE CAPITAL (cont'd…)

Share-based payments (cont'd...)

	May 31, 2023	**May 31, 2022**
Weighted average share price	$0.08	$0.75
Risk-free interest rate	3.55%	2.23%
Expected life of option	5 years	5 years
Expected annualized volatility	100%	100%
Expected dividend rate	Nil	Nil

9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Corporate Secretary, and President. Key management personnel payments for the period ended May 31, 2023, included:

	May 31, 2023	**May 31, 2022**
Director's fees	$ 31,000	$ 21,000
Consulting and management fees	175,000	246,833
Exploration related and geological consulting fees	157,500	-
Professional fees	45,000	22,500
Share-based payments	74,602	610,715
	$ 483,102	$ 901,048

As at May 31, 2023, $62,514 (August 31, 2022 - $89,617) was included in accounts payables and accrued liabilities for fees owed to related parties.

During the period ended May 31, 2023, the Company issued 42,000 common shares at $0.20 per share to settle debt of $8,400 owing to a related party.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The carrying values of cash, refundable tax credits, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The carrying value of the reclamation deposit approximates its carrying value due to the restricted nature of the financial instrument.

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

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's receivables consist mainly of goods and services tax receivables due from the Government of Canada. As at May 31, 2023, the Company's exposure to credit risk is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2023, the Company had a cash balance of $2,062,364 to settle current liabilities of $218,654. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

As at May 31, 2023, the Company was not subject to or exposed to significant interest rate risk.

b) Foreign currency risk

The Company's operating costs are primarily in Canadian dollars. As at May 31, 2023, management believes the Company's exposure to foreign currency risk is not significant.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As at May 31, 2023, the Company was not exposed to any equity or commodity price risks.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns and/or benefits for shareholders. The Company considers its shareholders' equity to be its capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the administration of its corporate affairs and to provide funds for the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business.

The Company has no revenue-generating operations and as such is dependent upon external financing to fund activities. In order to develop its business and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the size of the Company.

There were no changes in the Company's approach to capital management during the period ended May 31, 2023. The Company is not subject to externally imposed capital requirements.