WEDGEMOUNT RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated 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.

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

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
As at

		January 31, 2023		July 31, 2022
ASSETS				
Current				
Cash	$	305,786	$	220,459
Receivables (Note 4)		42,744		162,948
Prepaids and advances		168,540		17,200
		517,070		400,607
Deposits (Note 5)		335,080		-
Exploration and evaluation assets (Note 6)		1,799		216,478
	$	853,949	$	617,085
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 7 and 9)	$	165,978	$	82,025
		165,978		82,025
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		3,293,796		2,605,185
Reserves (Note 8)		312,675		489,956
Deficit		(2,918,500)		(2,560,081)
		687,971		535,060
	$	853,949	$	617,085

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors by:

/s/ "Mark Vanry"
Mark Vanry, Director

/s/ "Richard Barth"
Richard Barth, Director

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

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended January 31, 2023	Three months ended January 31, 2022	Six months ended January 31, 2023	Six months ended January 31, 2022
Expenses				
Administrative	$ 9,000	$ 9,000	$ 18,000	$ 18,000
Consulting	50,822	25,583	55,822	25,583
Exploration evaluation expenditures (Note 6)	2,199	95,309	7,272	404,216
Filing and regulatory	9,751	10,642	18,218	14,742
Foreign exchange	14,901	-	14,901	-
Management fees (Note 9)	37,500	37,500	75,000	75,000
Marketing	2,157	44,031	4,657	165,665
Office and miscellaneous	13,043	4,867	18,614	14,810
Professional fees (Note 9)	21,185	21,652	33,750	30,652
Property investigation costs	70,214	-	77,122	-
Share-based payments (Notes 8 and 9)	92,212	87,750	97,412	218,625
Shareholder communication	1,569	3,079	2,802	3,707
Transfer agent	2,752	6,807	3,287	8,354
Travel	11,666	-	11,666	-
	(338,971)	(346,220)	(438,523)	(979,354)
Recognition of flow-through premium (Note 8)	-	-	-	24,614
Write-off of exploration and evaluation assets (Note 6)	(222,128)	-	(222,128)	-
Loss and comprehensive loss for the period	$ (561,099)	$ (346,220)	$ (660,651)	$ (954,740)
Loss per common share – basic and diluted	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	26,874,281	24,551,427	26,060,408	24,423,982

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

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital				
	Number of shares	**Amount**	**Reserves**	**Deficit**	**Total**
July 31, 2021	24,296,536	$ 2,428,185	$ 203,184	$ (896,895)	$ 1,734,474
Issuance of common shares pursuant to exploration and evaluation assets option agreements	550,000	107,000	-	-	107,000
Share-based payments (Note 8)	-	-	218,625	-	218,625
Loss for the period	-	-	-	(954,740)	(954,740)
January 31, 2022	24,846,536	$ 2,535,185	$ 421,809	$ (1,851,635)	$ 1,105,359
July 31, 2022	25,246,536	$ 2,605,185	$ 489,956	$ (2,560,081)	$ 535,060
Issuance of common shares (Note 8)	3,652,500	693,975	36,525	-	730,500
Share issue costs	-	(22,726)	8,376	-	(14,350)
Options cancelled (Note 8)	-	-	(302,232)	302,232	-
Warrants expired (Note 8)	-	17,362	(17,362)	-	-
Share-based payments (Note 8)	-	-	97,412	-	97,412
Loss for the period	-	-	-	(660,651)	(660,651)
January 31, 2023	28,899,036	$ 3,293,796	$ 312,675	$ (2,918,500)	$ 687,971

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

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

		Six months ended January 31, 2023		Six months ended January 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(660,651)	$	(954,740)
Adjust for items not involving cash:				
Share-based payments		97,412		218,625
Write-off of exploration and evaluation assets		222,128		-
Recognition of flow-through share premium		-		(24,614)
Change in non-cash working capital items:				
Receivables		120,204		(25,368)
Prepaids and advances		(151,340)		110,687
Accounts payable and accrued liabilities		82,154		(269,231)
Net cash used in operating activities		(290,093)		(944,641)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets		(5,650)		(25,000)
Deposit		(335,080)		-
Net cash used in investing activities		(340,730)		(25,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital		730,500		-
Share issue costs		(14,350)		-
Net cash provided by financing activities		716,150		-
Change in cash		85,327		(969,641)
Cash, beginning of period		220,459		1,467,106
Cash, end of period	$	305,786	$	497,465

Supplemental cash flow information (Note 10)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Wedgemount Resources Corp. (the "Company") was incorporated on August 27, 2020 under the Business Corporations Act of British Columbia. The Company is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Canada. The Company's head office and registered and records office address is 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol WDGY.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. As at January 31, 2023, the Company had a net loss of $660,651 for the six months then ended (January 31, 2022 - $954,740), an accumulated deficit of $2,918,500 (July 31, 2022 - $2,560,081), and expects to incur further losses in the exploration of its properties, all of which casts significant doubt about the Company's ability to continue as a going concern. Although the Company raised capital in current and prior periods and subsequent to period end (Note 14) through private placements of its common shares, management estimates additional funding will be required to further operations in the upcoming twelve months and additional capital may not be available on acceptable terms or at all.

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. In addition, in February 2022, Russia invaded Ukraine. This has created additional global supply chain issues, market instability and volatility, and increased inflation. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak nor the Russian invasion and their effects on the Company's business or results of operations or its ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2022, prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PRESENTATION (cont'd…)

Approval of the consolidated financial statements

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on April 3, 2023.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

Principles of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
1265459 B.C. Ltd.	Canada	100%	Holding company
Wedgemount Texas Corp. ("WTC")	U.S.A.	100%	Holding company

Significant estimates

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial period and are, but are not limited to, the following:

2. BASIS OF PRESENTATION (cont'd…)

Significant estimates (cont'd…)

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the condensed interim consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the condensed interim consolidated statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Carrying value and the recoverability of exploration and evaluation assets

Management makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

Title to exploration and evaluation assets

Although the Company takes steps to verify title to exploration and evaluation assets 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.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (cont'd…)

Significant judgments (cont'd…)

Financial instruments

Management uses its judgement to determine the category in which a financial asset or a financial liability is recorded.

Going concern

The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended July 31, 2022.

New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after August 1, 2022. These have not been applied in preparing these condensed interim consolidated financial statements. There are no IFRSs or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on these condensed interim consolidated financial statements.

4. RECEIVABLES

		January 31, 2023		July 31, 2022
GST receivable	$	13,244	$	46,916
British Columbia Mining Tax Credit ("BCMETC")		-		86,532
Reclamation deposit		29,500		29,500
	$	42,744	$	162,948

(Expressed in Canadian Dollars)

5. DEPOSITS

On December 19, 2022, the Company entered into a definitive agreement (the "Willowbend Transaction) with an arm's length private company for the purchase of 100% working interest in oil and gas assets (the "Willowbend Project"), located in the Permian Basin of west Texas. Pursuant to the Willowbend Transaction, the Company will acquire a 100% working interest in certain leases, producing wells, and surface facilities. Closing of the Willowbend Transaction is conditional upon the Company making aggregate cash payments to the vendor of USD $1,500,000 in three non-refundable installments: USD $250,000 on or before December 31, 2022 (CAD $335,080 paid); USD $500,000 on or before February 28, 2023 (Note 14); and USD $750,000 on or before March 31, 2023 (Note 14). Cash payments made prior to closing of the Willowbend Transaction are recorded as deposits.

6. EXPLORATION AND EVALUATION ASSETS

Property	Eagle	Cookie	Friendly	Total
July 31, 2021	$ 53,000	$ 157,478	$ 180,000	$ 390,478
Cash	25,000	10,000	-	35,000
Share issuances	68,000	49,000	60,000	177,000
Write-off of exploration and evaluation assets	(146,000)	-	(240,000)	(386,000)
July 31, 2022	-	216,478	-	216,478
Cash	-	7,449	-	7,449
Write-off of exploration and evaluation assets	-	(222,128)	-	(222,128)
January 31, 2023	$ -	$ 1,799	$ -	$ 1,799

Eagle property

On September 23, 2020, subsequently amended on December 9, 2021, the Company entered into an option agreement (the "Eagle Agreement") with ArcWest Exploration Inc. ("ArcWest") to acquire an initial 60% percent interest ("First Option") in and to certain mineral claims located in northern British Columbia which are collectively known and described as the Eagle Property ("Eagle").

To acquire Eagle, the Company must make cash payments totaling $110,000, fund a total of $2,050,000 in exploration expenditures, and issue a total of 1,350,000 common shares by December 31, 2024.

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

Eagle property (cont'd…)

Upon completion of the First Option and providing notice to ArcWest, the Company will have a 60 day period to earn an additional 20% interest, for an aggregate 80% interest ("Second Option") or form a joint venture ("JV"). The Second Option can be attained by completing and delivering to ArcWest a feasibility study on or before the fourth anniversary of the date notice was given. In order to keep the Second Option in good standing, the Company will be obligated to pay to ArcWest $100,000 on each anniversary of the delivery of the notice until such time that the feasibility study has been completed and delivered to ArcWest. Following the exercise or lapse of the Second Option, the parties will form a JV to hold and operate Eagle, which each party will proportionately fund.

Should either the Company or ArcWest's interest be diluted to less than 10%, then that interest will convert to a 2% Net Smelter Return Royalty ("NSR"), 1% of which may be purchased by the other party for $2,000,000 at any time. Eagle is also subject to a 2% NSR in favour of a past property owner, 1% of which may be purchased for $1,000,000.

In fiscal 2022, the Company wrote off the carrying value of $146,000 on the Eagle property.

Cookie property

On May 26, 2021, subsequently amended on August 30, 2021 and June 27, 2022, the Company entered into an option agreement (the "Cookie Agreement") with DL Cooke & Associates Ltd. ("DL Cooke") to acquire a 100% percent interest in and to certain mineral claims located in the southern Toodoggone copper belt of north-central British Columbia which are collectively known and described as the Cookie property ("Cookie").

(Expressed in Canadian Dollars)

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

Cookie property (cont'd…)

To acquire Cookie, the Company must make cash payments totaling $210,000, fund a total of $1,075,000 in exploration expenditures, and issue a total of 1,900,000 common shares by May 26, 2026 as follows:

	Acquisition in cash	Exploration expenditures	Acquisition in shares
November 19, 2020 (completed)	$ 5,000	$ -	-
March 17, 2021 (completed)	5,000	-	-
May 26, 2021 (completed)	10,000	-	-
June 9, 2021 (completed)	-	-	150,000
December 31, 2021 (completed)	-	50,000	150,000
May 26, 2022 (completed)	10,000	-	-
July 15, 2022 (completed)	-	-	100,000
December 31, 2022	-	125,000	250,000
May 26, 2023	30,000	-	-
December 31, 2023	-	200,000	350,000
May 26, 2024	40,000	-	-
December 31, 2024	-	300,000	400,000
May 26, 2025	50,000	-	-
December 31, 2025	-	400,000	500,000
May 26, 2026	60,000	-	-
	$ 210,000	$ 1,075,000	1,900,000

DL Cooke retained a 2% NSR of which 1% may be purchased for $1,000,000 at any time and a 1.25% NSR on any additional staked property within the area of interest of which 1% may be purchased for $1,000,000 at any time.

During the six months ended January 31, 2023 and in fiscal 2021, the Company acquired additional contiguous claims by staking.

During the six months ended January 31, 2023, the Company wrote off a carrying value of $222,128 on the Cookie property. The write off also includes lapsed claims and claims included in the area of interest, which were transferred to DL Cooke. Certain claims were kept by the Company.

Friendly property

On May 27, 2021, the Company entered into an option agreement (the "Friendly Agreement") with Electrum Resource Corporation ("Electrum") to acquire a 100% percent interest in and to certain mineral claims located in south-central British Columbia which are collectively known and described as the Friendly Lake-Deer Lake copper-gold property ("Friendly").

(Expressed in Canadian Dollars)

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

Friendly property (cont'd…)

To acquire Friendly, the Company must make cash payments totaling $775,000, fund a total of $6,750,000 in exploration expenditures, and issue a total of 5,000,000 common shares by May 27, 2026.

The Company previously paid $15,000 for a first right of refusal on the property. Electrum retained a 3% NSR of which 1.5% may be purchased for $2,000,000 prior to a production decision.

In fiscal 2022, the Company wrote off the carrying value of $240,000 on the Friendly property.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended January 31, 2023 are as follows:

Property	Eagle	Cookie	Friendly	Total
Equipment and supplies	$ -	$ 1,900	$ -	$ 1,900
Geology	575	521	4,276	5,372
	$ 575	$ 2,421	$ 4,276	$ 7,272

Exploration and evaluation expenditures for the six months ended January 31, 2022 are as follows:

Property	Eagle	Cookie	Friendly	Total
Accommodation and transportation	$ 70,986	$ 6,843	$ 10,537	$ 88,366
Assay	2,568	22,501	-	25,069
Equipment and supplies	11,289	3,097	4,138	18,524
Geology	25,320	33,652	85,123	144,095
Geophysics	123,050	-	-	123,050
Logistics and support	-	5,112	-	5,112
	$ 233,213	$ 71,205	$ 99,798	$ 404,216

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		January 31, 2023		July 31, 2022
Accounts payable	$	158,287	$	61,025
Accrued liabilities		7,691		21,000
	$	165,978	$	82,025

8. SHARE CAPITAL

Authorized share capital

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

Issued share capital

During the six months ended January 31, 2023, the Company issued:

a) 3,652,500 units at a price of $0.20 per unit by way of a brokered private placement, for total proceeds of $730,500. Each unit was comprised of one common share and one common share purchase warrant, with each full warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until December 21, 2024. The 3,652,600 warrants were valued at $36,525, calculated using the residual value method. The Company paid a total of $14,350 in cash for fees and issued 71,750 finders' warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until December 21, 2024. The finders' warrants were valued at $8,376, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.72%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 140%.

During the six months ended January 31, 2022, the Company issued:

a) 400,000 common shares, valued at $68,000, pursuant to the Eagle option agreement; and
b) 150,000 common shares, valued at $39,000, pursuant to the Cookie option agreement.

Escrow shares

On January 12, 2021, the Company entered into an escrow agreement pursuant to which 1,125,000 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. As at January 31, 2023, there are 506,250 (July 31, 2022 - 675,000) shares held in escrow.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Flow-through share premium

		Total
July 31, 2021	$	24,614
Recognition of flow-through share premium		(24,614)
July 31, 2022 and January 31, 2023	$	-

Stock options

The Company has a rolling stock option plan under which the Board of Directors ("Board") may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants, and advisors. The number of shares reserved for issuance under the plan may not exceed 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is determined by the Board but shall not be less than the market price of the Company's shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies. The options may be granted for a maximum term of 10 years and are subject to such vesting provisions as may be determined by the Board.

During the six months ended January 31, 2023, the Company granted 1,425,000 (January 31, 2022 - 400,000), and recorded share-based payments of $97,412 (January 31, 2022 - $218,625).

The weighted average fair value of stock options granted during the six months ended January 31, 2023 was $0.19 (January 31, 2022 - $0. 14 per option). The fair value was calculated using the Black-Scholes option pricing model using the following assumptions:

	Six months ended January 31, 2023	Six months ended January 31, 2022
Risk-free interest rate	3.32%	1.34%
Volatility	140%	116%
Expected life	5 years	5 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Options (cont'd…)

During the six months ended January 31, 2023, 800,000 (January 31, 2022 - nil) stock options were cancelled; accordingly, fair value associated with the options of $302,232 (January 31, 2022 - $nil) was reclassified from reserves to deficit.

Option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance as at July 31, 2021	1,325,000	$	0.36
Granted	400,000		0.17
Balance as at July 31, 2022	1,725,000		0.32
Granted	1,425,000		0.22
Cancelled	(800,000)		0.45
Balance as at January 31, 2023	2,350,000	$	0.21

As at January 31, 2023, the Company had outstanding options enabling the holders to acquire common shares as follows:

Number of options	Number of exercisable options		Exercise price	Weighted average remaining life (years)	Expiry date
325,000	325,000	$	0.10	2.90	December 23, 2025
200,000	200,000	$	0.45	3.32	May 25, 2026
400,000	400,000	$	0.165	3.84	December 3, 2026
375,000	-	$	0.23	4.79	November 14, 2027
1,050,000	250,000	$	0.21	4.93	January 5, 2028
2,350,000	1,175,000			4.30	

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Warrants

During the six months ended January 31, 2023, 60,480 (January 31, 2022 - nil) warrants expired; accordingly, fair value associated with the warrants of $17,362 (January 31, 2022 - $nil) was reclassified from reserves to share capital.

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance as at July 31, 2021 and July 31, 2022	14,653,747	$	0.16
Granted	3,724,250		0.30
Expired	(60,480)		0.70
Balance as at January 31, 2023	18,317,517	$	0.19

As at January 31, 2023, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants		Exercise price	Weighted average remaining life (years)	Expiry date
420,000	$	0.10	0.30	May 20, 2023
3,999,999	$	0.10	0.61	September 10, 2023
8,850,000	$	0.10	0.64	September 21, 2023
1,176,000	$	0.70	0.94	January 9, 2024
147,268	$	0.85	0.94	January 9, 2024
3,724,250	$	0.30	1.89	December 21, 2024
18,317,517			0.90	

Escrow warrants

On January 12, 2021, the Company entered into an escrow agreement pursuant to which 699,999 warrants have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed warrants will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. As at January 31, 2023, there are 314,999 (July 31, 2022 - 419,999) warrants held in escrow.

(Expressed in Canadian Dollars)

9. RELATED PARTY DISCLOSURES

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel:

		Six months ended January 31, 2023		**Six months ended January 31, 2022**
Management fees	$	75,000	$	75,000
Professional fees		18,000		18,000
Share-based payments		35,597		163,488
	$	128,597	$	256,488

As at January 31, 2023, included in accounts payable and accrued liabilities was $111,788 (July 31, 2022 - $53,808) owing to a director, a corporation controlled by a director, and an officer.

The Company has a management services agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of an amount equal to 200% of the current annual compensation plus an amount equal to two times the average of the cash discretionary bonuses paid for the two most recently completed years will be payable.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash financing and investing activities are as follows:

		Six months ended January 31, 2023		**Six months ended January 31, 2022**
Exploration and evaluation assets costs included in accounts payable and accrued liabilities	$	1,799	$	-
Residual value of warrants issued in private placement	$	36,525	$	-
Fair value of agents' warrants	$	8,376	$	-
Reclassification of reserves to deficit on cancellation of options	$	302,232	$	-
Reclassification of reserves to share capital on expiry of warrants	$	17,362	$	-
Common shares issued for exploration and evaluation assets	$	-	$	107,000

11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada.

12. FINANCIAL INSTRUMENT RISK

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at January 31, 2023, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank account as required to cover current expenditures, minimizing the risk to the Company. Receivables are due from government agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at January 31, 2023 to settle its current liabilities as they come due.

The contractual maturity dates of each of cash, receivables, and accounts payable and accrued liabilities is less than three months as at January 31, 2023.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

<u>Foreign currency exchange risk</u>

This risk relates to any changes in foreign currencies in which the Company transacts. The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payables and accrued liabilities that are denominated in United States Dollars. The effect of a 10% change in foreign exchange rates would be approximately $33,000 for the six months ended January 31, 2023.

12. FINANCIAL INSTRUMENT RISK (cont'd…)

Market risk (cont'd…)

Interest rate risk

This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the six months ended January 31, 2023.

Price risk

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2

Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3

Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, receivables, reclamation deposit, and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature of these instruments.

13. CAPITAL MANAGEMENT

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financings, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the six months ended January 31, 2023.

14. SUBSEQUENT EVENTS

Subsequent to January 31, 2023, the Company:

a) issued 3,580,557 units at a price of $0.17 per unit by way of a non-brokered private placement, for total proceeds of $608,695. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until March 24, 2025. The Company paid a total of $24,903 in cash for fees and issued 146,487 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until March 24, 2025;
b) issued 2,666,000 common shares pursuant to the exercise of warrants for proceeds of $266,600;
c) made cash payments totalling USD $1,250,000 to complete the Willowbend Transaction. The Company earned a 100% working interest in the leases comprising the Willowbend Project subject to underlying royalties averaging 19%;
d) the Company entered into a definitive agreement (the "Millican Transaction) with an arm's length private company, for the purchase of 100% working interest in oil and gas assets (the "Millican Project") located in the Permian Basin of west central Texas. Pursuant to the Millican Transaction, the Company acquired a 100% working interest in certain leases, producing wells, and surface facilities. In consideration for the purchase of the Millican Project, the Company paid USD $160,000. The Millican Project is subject to a 19% underlying royalty;
e) entered into a loan agreement with Mark Vanry, the Chief Executive Office of the Company, under which USD $400,000 was loaned the Company (the "Vanry Loan"). The Vanry Loan bears interest at a rate of 15% per annum, payable by the Company to Mr. Vanry monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Vanry Loan commencing June 30, 2023 at the rate of USD $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Vanry Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Vanry Loan at any time without penalty. The Vanry Loan is secured by a pledge of the shares of WTC and a general security interest over the assets of WTC. In addition, the Company issued 275,000 warrants to Mr. Vanry. Each warrant entitles Mr. Vanry to purchase one common share at a price of $0.30 per common share until February 21, 2026; and

14. SUBSEQUENT EVENTS (cont'd…)

f) entered into a loan agreement with an arm's length individual, under which $450,000 was loaned to the Company (the "Loan"). The Loan bears interest at a rate of 15% per annum, payable by the Company monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Loan commencing June 30, 2023 at the rate of $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Loan at any time without penalty. The Loan is guaranteed by a general security interest over the assets of WTC.