COLLECTIVE METALS INC.
(FORMERLY ARCTIC FOX MINERALS CORP.)

Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Collective Metals Inc. (formerly Arctic Fox Minerals Corp.):

Opinion

We have audited the financial statements of Collective Metals Inc. (formerly Arctic Fox Minerals Corp.) (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of the existence of impairment indicators for property rights, evaluation and exploration assets</td></tr>
<tr><td>Refer to note 3</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>As at December 31, 2022, the carrying amount of the Company’s property rights, evaluation and exploration assets was $945,048.

At each reporting period, management assesses property rights, evaluation and exploration assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

Management assesses property rights, evaluation and exploration assets for impairment based on, at minimum, the presence of any one of the following facts and circumstances:
(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;
(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or
(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.

No impairment indicators were identified by management as at December 31, 2022.

We considered this a key audit matter due to the significance of the property rights, evaluation and exploration assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the property rights, evaluation and exploration assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</td><td>Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following:

• Obtained evidence to support the right to explore the area under the Assignment and Assumption Agreement between the Company and Rover Metals Corp. and Silver Range Resources Ltd.
• Read the board of directors’ minutes and resolutions, and observed evidence supporting the continued and planned exploration expenditures, which included evaluating events subsequent to December 31, 2022 related to private placements of units to raise funds for continued exploration activities.
• Assessed whether available data indicates the potential for commercially viable mineral resources, of which we noted that there is no currently available data indicating the potential or lack of potential for commercially viable mineral resources.
• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 28, 2023

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	Note	As at December 31, 2022 $	As at December 31, 2021 $
ASSETS			
Current assets			
Cash		**70,106**	359,983
Taxes recoverable		**75,403**	34,699
Prepaid expenses	4,10	**27,577**	53,904
Total current assets		**173,086**	448,586
Exploration and evaluation assets	3	**945,048**	853,851
TOTAL ASSETS		**1,118,134**	1,302,437
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	**487,005**	74,085
Promissory note	5	**2,050**	2,050
TOTAL LIABILITIES		**489,055**	76,135
SHAREHOLDERS’ EQUITY			
Share capital	6	**2,338,449**	2,125,599
Deficit		**(1,709,370)**	(899,297)
TOTAL SHAREHOLDERS’ EQUITY		**629,079**	1,226,302
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**1,118,134**	1,302,437

Nature and continuance of operations (Note 1)
Commitments (Note 3, 10)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors on April 28, 2023:

“Milos Masnikosa”
Director

“Paul Chung”
Director

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

		For years ended	
	Note	**December 31, 2022 $**	December 31, 2021 $
Expenses			
Interest expense		**-**	677
Capital markets consulting and business development services	6,7	**490,000**	159,947
Exploration expenditures	3	**-**	133,291
Filing fees		**34,640**	27,240
Investor communications		**4,413**	30,152
Management fees	7	**88,250**	-
Professional fees		**198,206**	75,074
Office		**14,723**	3,142
Share-based compensation	6	**-**	86,903
Loss before other expenses		**(830,232)**	(516,426)
Other expenses			
Gain on settlement of accounts payable	6	**20,159**	-
Net loss and comprehensive loss for the year		**(810,073)**	(516,426)
Loss and comprehensive loss per share – basic and diluted		**(0.11)**	(0.09)
Weighted average number of common shares outstanding		**7,184,661**	5,935,742

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

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

		Share capital					
	Note	Number of shares #	Amount $	Warrant Reserve $	Share subscriptions $	Deficit $	Total $
Balance at December 31, 2020		3,800,000	521,200	-	20,000	(382,871)	158,329
Shares issued for consulting services	6	24,634	4,927	-	-	-	4,927
Shares issued for cash	6	2,198,150	990,910	-	(20,000)	-	970,910
Shares issued for Up Town acquisition	3,6	300,000	300,000	-	-	-	300,000
Shares issued to settle accounts payable	6	93,000	93,000	-	-	-	93,000
Shares issued upon the exercise of warrants	6	619,850	215,562	(98,062)	-	-	117,500
Share-based compensation	6	-	-	86,903	-	-	86,903
Special warrants	6	-	-	12,350	-	-	12,350
Compensation special warrants	6	-	-	20,000	-	-	20,000
Special warrant issuance costs	6	-	-	(21,191)	-	-	(21,191)
Loss and comprehensive loss for the year		-	-	-	-	(516,426)	(516,426)
Balance at December 31, 2021		**7,035,634**	**2,125,599**	**-**	**-**	**(899,297)**	**1,226,302**
Shares issued to settle accounts payable	6	473,000	212,850	-	-	-	212,850
Loss and comprehensive loss for the year		-	-	-	-	(810,073)	(810,073)
Balance at December 31, 2022		**7,508,634**	**2,338,449**	**-**	**-**	**(1,709,370)**	**629,079**

On March 13, 2023, the Company completed a share consolidation of ten (10) old shares for one (1) new share basis (Note 12). Share and per share amounts in these financial statements have been retroactively restated to reflect the consolidation.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	For the year ended	
	December 31, 2022	December 31, 2021
	$	$
Operating activities		
Net loss for the year	**(810,073)**	(516,426)
Items not affecting cash:		
Shares issued for consulting services	**-**	4,927
Share-based compensation	**-**	86,903
Gain on settlement of accounts payable	**(20,159)**	-
Accrued interest	**-**	677
Changes in non-cash working capital item:		
Taxes recoverable	**(40,704)**	(34,699)
Prepaid expenses	**26,327**	(53,904)
Accounts payable and accrued liabilities	**645,929**	130,587
Net cash used in operating activities	**(198,680)**	(381,935)
Investing activity		
Investment in exploration and evaluation assets	**(91,197)**	(503,851)
Net cash used in investing activities	**(91,197)**	(503,851)
Financing activities		
Proceeds from promissory note	**-**	(20,000)
Proceeds from share subscriptions	**-**	-
Proceeds from issuance of share capital upon exercise of warrants	**-**	117,500
Proceeds from issuance of Special Warrants, net of issuance costs	**-**	11,159
Proceeds from issuance of share capital	**-**	970,910
Net cash provided by financing activities	**-**	1,079,569
Change in cash	**(289,877)**	193,783
Cash, beginning of year	**359,983**	166,200
Cash, end of year	**70,106**	359,983

Supplemental cash flow information:		
Income taxes paid	-	-
Interest paid	-	-
Non-Cash Investing and Financing Activities:		
Share capital issued to settle accounts payable	212,850	93,000
Shares issued for exploration and evaluation assets	-	300,000
Special warrant issuance costs	-	20,000

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

1. Nature and continuance of operations

Collective Metals Inc. (formerly Arctic Fox Minerals Corp.) ("Collective" or the "Company") was incorporated under the laws of the province of Ontario, Canada, and its principal activity is the acquisition and exploration of exploration and evaluation assets in Canada. The Company is in the process of acquiring a 100% interest in the Up Town Mineral Property located in the Northwest Territories (Note 3). On June 21, 2022, the Company listed on the Canadian Securities Exchange ("CSE") under the ticker FOXY. Concurrent with the Company's change of name on March 8, 2023, the Company's ticker was amended to COMT.

The head office, registered office and principal place of business of the Company are located at 409 – 22 Leader Lane, Toronto, Ontario, Canada, M5E 0B2.

These 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. The Company has substantial financial commitments in respect of the Up Town Mineral Property described in Note 3. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company is in the process of completing share issuances to finance operations. The Company's continuation as a going concern is dependent upon its ability to seek and acquire exploration properties, and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs and fund its exploration activities over the next twelve months with proceeds from private placement(s) of common shares and/or loans from directors and companies controlled by directors.

In March 2020, there was a global outbreak of COVID-19 (coronavirus). At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the impact of the outbreak on capital markets and the duration of business disruptions due to workforce illness. While the extent of the impact is unknown, the longer the pandemic continues we anticipate this might increase the difficulty in capital raising, which may negatively impact the Company's business and financial condition.

These events and conditions give rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. Statement of compliance and significant accounting policies

These financial statements were authorized for issue on April 28, 2023 by the Board of Directors of the Company.

Statement of compliance with International Financial Reporting Standards

The financial statements of the Company comply in all material respects with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

2. Statement of compliance and significant accounting policies (continued)

Basis of presentation

These financial statements are based on historical cost, except for financial instruments measured at fair value. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency. In addition, the financial statements have been prepared on the accrual basis, except for cash flow information.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS 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.

Estimates and assumptions where there is significant risk of material adjustments to the financial statements in future accounting periods include, but are not limited to, the following:

- the inputs used in accounting for share-based compensation.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied to the Company's financial statements is:

- judgment is required in assessing whether certain factors would be considered an indicator of impairment for exploration and evaluation assets. The Company considers both internal and external information to determine whether there is an indicator of impairment present and accordingly, whether impairment testing is required.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates and has been determined to be the Canadian dollar for the Company, which is also the Company's presentation currency. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss the period in which they arise.

Exploration and evaluation expenditures

Acquisition costs incurred prior to an acquisition are capitalized as prepaid deposits, until said acquisition is completed. Exploration costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the legal rights to explore an area are obtained, the Company capitalizes exploration and evaluation expenditures as intangible assets on a property-by-property basis. Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination.

2. Statement of compliance and significant accounting policies (continued)

Exploration and evaluation expenditures (continued)

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction from the proceeds.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to share capital based on the fair value of the Company's common shares. The fair value of the shares is based on the trading price of those shares on the appropriate stock exchange. If there is a residual value, after deducting the fair value of the common shares issued from the proceeds received, that residual value is allocated to warrants.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income or loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. In calculating the diluted income per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share equals basic loss per share, as the effect of dilutive share options and warrants would be anti-dilutive.

2. Statement of compliance and significant accounting policies (continued)

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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 liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

<u>Financial assets and liabilities at amortized cost</u>

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

<u>Financial assets and liabilities at FVTPL</u>

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

<u>Financial assets at FVTOCI</u>

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

<u>Equity instruments designated as FVTOCI</u>

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured 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 ("OCI"). The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to deficit. The Company does not currently hold any equity instruments designated as FVTOCI.

2. Statement of compliance and significant accounting policies (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 Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in profit or loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Impairment of assets

The carrying amount of the Company's long-lived assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount is the greater of an asset's fair value, less cost of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows, largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Share-based payments

From time to time, the Company may issue share capital or grant options to purchase common shares to directors, officers, employees and non-employees. The Company accounts for share-based payments, including shares and stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. Share-based payments granted to non-employees are measured at the fair value of goods or services received unless that cannot be reasonably estimated in which case the fair value of the equity instrument is used. The fair value of stock options on the grant date is determined using the Black-Scholes option pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

2. Statement of compliance and significant accounting policies (continued)

Income taxes

Current income tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in OCI or equity is recognized in OCI or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets, when those obligations result from the acquisition, development or normal operation of the assets. The present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the present value. The resulting asset will be depreciated on the same basis as other mining assets.

The Company’s estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss.

The present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred.

2. Statement of compliance and significant accounting policies (continued)

New accounting standards issued

Accounting standards or amendments to existing accounting standards that have been issued and are effective, are either not applicable or did not have a material impact on the Company's financial statements.

Accounting standards issued but not yet effective

There are no new IFRS or Interpretations that are issued but not yet effective that would be expected to have a material impact on the Company's financial statements.

3. Up Town Mineral Property Assets

On December 4, 2020, and amended on March 18, 2021 and January 11, 2022, the Company entered into an Assignment and Assumption agreement (the "Assignment Agreement") with Rover Metals Corp. (the "Assignor") and Silver Range Resources Ltd. ("SRR"). The Company does not currently have ownership interest in the Up Town Gold Property. The Company is an option holder. The transfer of ownership will take place once all conditions of the Assignment Agreement are completed.

The Assignor, SRR and Panarc Resources Ltd. ("Panarc") are parties to a property option agreement dated September 9, 2016, as amended on August 15, 2017, April 6, 2018, September 5, 2018 and February 18, 2020 (collectively the "Option Agreement") pursuant to which SRR granted to the Assignor an option (the "First Option") to acquire a 75% interest in certain mineral claims located in the Northwest Territories (the "Up Town Mineral Property Assets").

Under the Option Agreement, the Assignor was also granted a second option (the "Second Option") to acquire from SRR the remaining 25% interest in the Up Town Mineral Property Assets upon the exercise of the First Option.

Under the Option Agreement, upon the exercise of the First Option, the Up Town Mineral Property Assets shall become subject to a net smelter royalty return interest of 2% in favour of SRR (the "NSR"), which can be reduced to 1% for a cash payment to SRR of $1,000,000.

Under the Assignment Agreement the Company is required to:

i) make a $50,000 (paid) cash payment.

ii) issue to the Assignor, within 25 business days of the Closing Date, such number of common shares of the Company (the "Collective Shares") as is equal to $300,000 divided by the price per share at which the Collective Shares were offered by the Closing Date (issued);

iii) complete an aggregate $1,250,000 in Expenditures (as defined in the Option Agreement) as follows:

(1) $500,000 by June 30, 2021 (extended, as per below); and

(2) an additional $750,000 by June 30, 2023 (amended, as per below).

iv) pay an amount of $120,000 to SRR on or before March 16, 2021 (amended, as per below); and

v) ensure that all mineral claims, mining leases and other mining interests into which mineral claims may have been converted are and remain in good standing until the later of: (A) one (1) year from the date of the termination of the First Option; or (B) December 16, 2022 (completed).

(EXPRESSED IN CANADIAN DOLLARS)

3. Up Town Mineral Property Assets (continued)

Amended terms

On March 18, 2021, the Company, Assignor, and SRR (collectively, the "Parties") agreed to amend certain terms of the Assignment Agreement ("Amending Agreement") as follows:

1. The Company will issue to the Assignor, within five days of the execution of the Amending Agreement, 300,000 Collective Shares (issued);
2. The Company will complete an aggregate $1,250,000 in Expenditures as follows:
   (1) $500,000 by December 31, 2021 (incurred); and
   (2) an additional $750,000 by December 31, 2022 (extended, see below).
3. The Company will pay the amount of $120,000 to SRR in two instalments as follows:
   (1) $75,000 upon execution of the Amending Agreement (paid); and
   (2) $45,000 as of August 13, 2021 (paid).
4. The Company will launch a new second private placement of Collective Shares within two days of the execution of the Amending Agreement (completed).

On March 23, 2021, the Company issued 300,000 shares at a fair value of $300,000 to the Assignor, to satisfy the terms of the assignment agreement. As of December 31, 2022, the Company had paid $50,000 to Rover, as well as the $75,000 and the remaining $45,000 to SRR.

On January 11, 2022, the Parties agreed to amend the Assignment Agreement whereby the Company will incur an additional $750,000 in Exploration Expenditures by June 30, 2023.

Summary of exploration and evaluation assets for the years ended December 31, 2022 and 2021:

	$
Carrying value as of December 31, 2020	**-**
Acquisition costs	**470,000**
Geological/Geophysical	**256,028**
Field work and supplies	**30,313**
Property taxes and licenses	**97,510**
Carrying value as of December 31, 2021	**853,851**
Geological/Geophysical	91,197
Carrying value as of December 31, 2022	**945,048**

During the year ended December 31, 2021, the Company expensed $133,291 of exploration expenditures that were incurred prior to the Company obtaining legal rights to explore the property.

(EXPRESSED IN CANADIAN DOLLARS)

5. Prepaid expenses

	As at December 31, 2022 $	As at December 31, 2021 $
Exploration expenditures	**18,705**	48,961
Insurance	**7,720**	-
General & administrative	**1,152**	4,943
Total	**27,577**	53,904

6. Promissory note

	As at December 31, 2022 $	As at December 31, 2021 $
Balance, beginning of year	**2,050**	21,373
Interest	**-**	677
Repayment	**-**	(20,000)
Balance, end of year	**2,050**	2,050

During the year ended December 31, 2021, the Company repaid a promissory note with a former related party (the “Promissory Note”). The Promissory Note bore interest at 5% per month compounded monthly and was due on demand. The principal amount of the Promissory Note of $20,000 has been repaid. As at December 31, 2022, $2,050 (December 31, 2021 – $2,050) in accrued interest owing remains outstanding.

6. Share capital

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consist only of common shares and are fully paid.

a. Issued share capital

As at December 31, 2022, the Company had 7,508,634 (December 31, 2021 – 7,035,634) shares outstanding.

During the year ended December 31, 2022

On September 7, 2022, the Company issued 473,000 common shares at a fair value of $212,850 to settle debt of $233,009. The Company recorded a gain of $20,159 on the settlement of accounts payable.

During the year ended December 31, 2021

On February 25, 2021 the Company completed the third of three tranches by issuing 1,509,050 common shares at $0.20 per common share for proceeds of $301,810. The Company reclassified $20,000 from share subscriptions.

6. Share capital (continued)

During the year ended December 31, 2021 (continued)

On February 25, 2021 the Company issued 24,634 common shares to a consultant and recorded $4,927 for services rendered.

On March 23, 2021, the Company issued 300,000 common shares at fair value of $300,000 to Rover Metals Corp. pursuant to the Amending Agreement (Note 3).

On June 23, 2021 the Company closed a private placement and received $689,100 for 689,100 common shares issued.

On June 30, 2021, the Company issued 93,000 common shares with a fair value of $1.00 per common share to settle $93,000 of accounts payable.

On July 22, 2021, the Company issued 225,000 common shares upon the exercise of 225,000 warrants at $0.20 per share for proceeds of $45,000. Upon exercise, the Company transferred $33,282 of warrant reserve to share capital.

On September 24, 2021, the Company issued 362,500 common shares upon the exercise of 362,500 warrants at $0.20 per share for proceeds of $72,500. Upon exercise, the Company transferred $53,621 of warrant reserve to share capital.

On December 30, 2021, the Company issued 32,350 common shares upon the conversion of 32,350 Special Warrants. Upon exercise, the Company transferred $11,159 of warrant reserve to share capital

b. Warrants

On January 11, 2021, the Company issued 587,500 performance warrants at fair value of $86,903. Each performance warrant entitles the holder thereof to acquire one additional Common Share of the Company at a price of $0.20 for a period of five years from the date of issuance if the Company's Common shares are not listed for trading on the CSE, or such other stock exchange or other organized markets where common shares are listed or posted for trading. If the Company's common shares are listed on the CSE or such other stock exchange or other organized markets for which the Common Shares are listed or posted for trading, each performance warrant entitles the holder thereof to acquire one additional Common Share of the Company at a price that is a 20% discount to the market price on the date of exercise for a period of five years from the date of issuance. The fair value of the warrants granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant date of $0.20, risk-free rate of 0.46%, term of 5 years, expected volatility of 224% and no expected dividends. The fair value of $86,903 was initially recorded to warrant reserve.

During the year ended December 31, 2021, all 587,500 performance warrants were exercised. The Company received cash proceeds of $117,500 and reclassified $86,903 from warrant reserve to share capital.

On August 29, 2021, the Company closed a private placement and issued 12,350 special warrants (the "Special Warrants") at a price of $1.00 per Special Warrant for gross proceeds of $12,350 and it issued 20,000 Special Warrants as compensation in connection with the Offering. The terms of the Special Warrants provide that the Special Warrants will be deemed to be exercised on the earlier of:

(i) at any time, at the discretion of the Issuer; or
(ii) upon the issuance by a Canadian securities regulatory authority of a receipt for a final prospectus qualifying the issuance of the common shares upon conversion of the special warrants; or

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6. Share capital (continued)

b. Warrants (continued)

(iii) on that date that is 18 months from the date of issuance of the Special Warrants, at which time each Special Warrant shall be automatically exercised into one Common Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder.

The Company paid Special Warrant issuance costs of $1,191. The Company also recorded the fair value of the 20,000 Special Warrants issued as compensation of $20,000 as a warrant issuance cost within warrant reserves.

	As at December 31, 2022	As at December 31, 2021
Balance, beginning of year	**-**	-
Performance warrants issued	**-**	587,500
Special warrants issued	**-**	32,350
Exercised	**-**	(619,850)
Balance, end of year	**-**	-

a. Stock options

The Company has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The key features of the Plan are as follows:

- The aggregate number of common shares that may be issued pursuant to the exercise of options awarded under the Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the outstanding issued and outstanding shares at any given time.
- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Company may determine upon the award of the options.
- The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable exchange approval, at the time any option is granted.

The Plan may be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

As at December 31, 2022 and 2021, the Company had not issued any stock options.

(EXPRESSED IN CANADIAN DOLLARS)

7. Related party transactions

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 and corporate officers.

Included in promissory note at December 31, 2022 is $2,050 (2021 - $2,050) owing to a shareholder and former Director of the Company (Note 5).

At December 31, 2022, amounts owing to the related parties of $50,925 (December 31, 2021 - $4,725) were included in accounts payable and accrued liabilities.

During the years ended December 31, 2022, and 2021, the Company entered into the following transactions with key management personnel, which include the officers and directors, of the Company.

For the years ended	**December 31, 2022 $**	December 31, 2021 $
Management fees paid/accrued to the former CEO, President and Corporate Secretary	**50,000**	-
Management fees paid/accrued to a former CEO, President and Corporate Secretary	**38,250**	-
Consulting services paid/accrued to a former CEO, President and Corporate Secretary	**-**	18,450
Consulting services paid/accrued to a company controlled by a former CEO	**-**	22,070
Consulting services paid/accrued to a company controlled by the CFO	**6,000**	4,500
Total	**94,250**	45,020

8. Financial instrument fair value and risk factors

Fair value

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

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

The Company's financial instruments include cash, accounts payable and accrued liabilities, and promissory note. The carrying values of accounts payable and accrued liabilities and the promissory note approximate their respective fair values due to the short-term to maturity of these financial instruments. Cash is measured based on Level 1 of the fair value hierarchy. There were no transfers between levels in the fair value hierarchy.

8. Financial instrument fair value and risk factors (continued)

Fair value (continued)

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2022 and 2021:

	As at December 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 70,106	$ -	$ -

	As at December 31, 2021		
	Level 1	**Level 2**	**Level 3**
Cash	$ 359,983	$ -	$ -

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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 maximum exposure to credit risk is the carrying amount of cash. As at December 31, 2022 cash totaled $70,106 (December 31, 2021 - $359,983). As all of the Company's cash is held either in a trust bank account with the Company's legal firm or at a high-credit quality Canadian financial institution, management believes that there is minimal credit risk. The Company's exposure to and management of credit risk has not changed materially from the year ended December 31, 2021.

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 interest rate, foreign currency and other price risk.

Foreign Currency Risk

Foreign currency risk is the that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. The Company does not have transactions denominated in foreign currencies, therefore it is not exposed to foreign currency risk. The Company's cash is held in Canadian dollars. The Company's exposure to and management of foreign currency risk has not changed materially from the year ended December 31, 2021.

Interest Rate Risk

Interest rate risk is the risk related to the fair value or future cash payments of interest-bearing financial instruments due to changes in interest rates. The Company had interest-bearing debt with fixed rates; therefore, management believes that the Company's exposure to interest rate risk is minimal. The Company's exposure to and management of interest rate risk has not changed materially from the year ended December 31, 2021.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company's exposure to other price risk is not material. The Company's exposure to and management of other price risk has not changed materially from the year ended December 31, 2021.

8. Financial instrument fair value and risk factors (continued)

Risk factors (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances, and raising funds through the issuance of debt or equity when the Company does not have sufficient cash balances. As at December 31, 2022, the Company's exposure to liquidity risk had changed from that of the prior year as the Company had cash of $70,106 (December 31, 2021 - $359,983) to cover current liabilities of $489,055 (December 31, 2021 - $76,135). The Company's management of liquidity risk has not changed materially from the year ended December 31, 2021.

9. Capital management

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 exploration and development of its exploration and evaluation assets, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which totaled $629,079 at December 31, 2022 (December 31, 2021 - $1,226,302).

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, issue debt, acquire or dispose of assets or otherwise adjust the amount of cash held.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management from inception.

10. Commitment

The Company has engaged a contractor to conduct a program consisting of geophysics and diamond drilling, to retest historical drill results and to test any identified geophysical anomalies on the Up Town Property. The contractor is providing the program management for the work to be performed. The program required a total of $590,000 of advances from the Company to the contractor based on certain timings in the work plan. These advances are held in a trust account and payments are approved by the Company based on invoices received from the contractor. At December 31, 2022, the Company had advanced $590,000 (December 31, 2021 – $590,000) and $571,295 (December 31, 2021 – $541,039) of costs have been incurred by the contractor. The remaining $18,705 (December 31, 2021 –$48,961) is included in prepaid expenses.

On July 28, 2021, the Company entered into a consulting agreement, whereby the Company has committed to grant the consultant 200,000 stock options once the Company has been listed on the CSE. As of the date of these financial statements, the Company has not yet granted the options specified by the consulting agreement.

(EXPRESSED IN CANADIAN DOLLARS)

11. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the year ended	
	December 31, 2022 $	December 31, 2021 $
Net loss for the year	**(810,073)**	(516,426)
Statutory tax rate	**27%**	27%
Expected income tax recovery	**(218,720)**	(139,435)
Non-deductible expenses	**-**	24,794
Change in unrecognized deferred tax assets	**218,720**	114,641
Income tax recovery	**-**	-

Deferred tax assets consist of non-capital loss carryforwards of $1,402,751 (December 31, 2021 - $592,678) which will expire in the commencing in 2040, and exploration expenses of $305,986 (December 31, 2021 - $214,789) which do not expire.

12. Subsequent events

On February 6, 2023, the Company issued 510,000 common shares with a fair value of $76,500 to settle accounts payable with third parties of $237,500 and the former CEO of $17,500, totaling $255,000 of amounts owed. The Company recognized a gain on debt settlement of $178,500.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of $15,000 to settle accounts payable with the former CEO of $50,000 for management fees and recognized a gain on debt settlement of $35,000.

On March 13, 2023, the Company completed a share consolidation of ten (10) old shares for one (1) new share basis, which had been reflected on a retroactive basis to all share and per share amounts within the financial statements.

On March 24, 2023, the Company closed a non-brokered private placement of units of the Company (the "Units") through the issuance of 8,840,000 Units at $0.125 per Unit for gross proceeds of $1,105,000 (the "Offering"). Each Unit consists of one common share of the Company (a "Share") and one whole common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Share at a price of $0.20 on or before March 23, 2025. The Warrants are subject to an acceleration clause.

In connection with the Offering, the Company paid eligible finders (collectively, the "Finders") a cash commission of $74,200, and 593,600 share purchase warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder thereof to purchase one Share at a price of $0.20 per Share on the same terms as the Warrants.