

COLLECTIVE METALS INC.
(FORMERLY ARCTIC FOX MINERALS CORP.)
Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

NOTICE TO READER

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

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

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

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

	Note	As at June 30, 2023 \$	As at December 31, 2022 \$
ASSETS			
Current assets			
Cash		1,676,476	70,106
Taxes recoverable		113,443	75,403
Prepaid expenses	4,10	865,253	27,577
Total current assets		2,655,172	173,086
Exploration and evaluation assets	3	2,384,506	945,048
TOTAL ASSETS		5,039,678	1,118,134
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	879,355	487,005
Promissory note	5,7	2,050	2,050
TOTAL LIABILITIES		881,405	489,055
SHAREHOLDERS' EQUITY			
Share capital	6	5,885,913	2,338,449
Warrant Reserve	6	143,263	-
Option Reserve	6	228,629	-
Deficit		(2,099,532)	(1,709,370)
TOTAL SHAREHOLDERS' EQUITY		4,158,273	629,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,039,678	1,118,134

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

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

“Milos Masnikosa”

Director

“Paul Chung”

Director

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

	Note	Three months ended		Six months ended	
		June 30, 2023 \$	June 30, 2022 \$	June 30, 2023 \$	June 30, 2022 \$
Expenses					
Filing fees		7,257	13,071	17,992	25,247
Investor communications		133,200	3,634	133,360	3,634
Management fees	7	-	27,000	30,000	27,000
Professional fees		9,446	37,895	57,473	43,844
Consulting fees	7	91,500	16,000	91,500	16,500
Share based compensation	6,7	228,629	-	228,629	-
Office		356	4,649	1,315	5,123
Loss before other expenses		(470,388)	(102,249)	(560,269)	(121,348)
Other income					
Gain on settlement of accounts payable	6	-	-	170,107	-
Income (loss) and comprehensive income (loss) for the period		(470,388)	(102,249)	(390,162)	(121,348)
Income (loss) and comprehensive income (loss) per share – basic and diluted		(0.02)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares outstanding		23,765,451	7,035,634	16,164,841	7,035,634

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

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

	Note	Share capital		Warrant Reserve \$	Option Reserve \$	Deficit \$	Total \$
		Number of shares #	Amount \$				
Balance at December 31, 2021		7,035,634	2,125,599	-	-	(899,297)	1,226,302
Loss and comprehensive loss for the period		-	-	-	-	(121,348)	(121,348)
Balance at June 30, 2022		7,035,634	2,125,599	-	-	(1,020,645)	1,104,954
Balance at December 31, 2022		7,508,634	2,338,449	-	-	(1,709,370)	629,079
Shares issued to settle accounts payable	6	510,000	76,500	-	-	-	76,500
Shares issued to former CEO	6	100,000	15,000	-	-	-	15,000
Shares issued for private placement	6	14,568,381	2,479,811	-	-	-	2,479,811
Share issuance costs	6	-	(321,848)	143,263	-	-	(178,585)
Shares issued for acquisition	3, 6, 11	7,700,000	1,078,000	-	-	-	1,078,000
Shares issued for property acquisition	3, 6	1,000,000	220,000	-	-	-	220,000
Share based compensation	6, 7	-	-	-	228,629	-	228,629
Loss and comprehensive loss for the period		-	-	-	-	(390,162)	(390,162)
Balance at June 30, 2023		31,387,015	5,885,913	143,263	228,629	(2,099,532)	4,158,273

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

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

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

	Six months ended	
	June 30, 2023 \$	June 30, 2022 \$
Operating activities		
Loss for the period	(390,162)	(121,348)
Items not affecting cash:		
Gain on settlement of accounts payable	(178,500)	-
Share based compensation	228,629	-
Changes in non-cash working capital item:		
Taxes recoverable	(38,040)	(11,809)
Prepaid expenses	(837,676)	1,199
Accounts payable and accrued liabilities	662,350	93,978
Net cash used in operating activities	(553,399)	(37,980)
Investing activity		
Investment in exploration and evaluation assets	(141,458)	(15,572)
Net cash used in investing activities	(141,458)	(15,572)
Financing activities		
Proceeds from issuance of share capital	2,479,811	-
Share issuance costs	(178,584)	-
Net cash provided by financing activities	2,301,227	-
Change in cash	1,606,370	(53,552)
Cash, beginning of period	70,106	359,983
Cash, end of period	1,676,476	306,431
Non-Cash Investing and Financing Activities:		
Share capital issued to settle accounts payable	76,500	-
Share capital issued for services	15,000	-
Share capital issued for acquisition	1,078,000	-
Share capital issued for property acquisition	220,000	-
Fair value of agent's warrants	143,263	-

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

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

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. 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.

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. From the shareholders of 1335025 B.C. Ltd (Note 11).

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 condensed consolidated interim 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 June 30, 2023, the Company completed 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.

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 condensed consolidated interim 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 August 28, 2023 by the Board of Directors of the Company.

Statement of compliance with International Financial Reporting Standards

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2022.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

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

Basis of consolidation

The Company's condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, 1335025 B.C. Ltd. All inter-company transactions and balances have been eliminated on consolidation.

Basis of presentation

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

Summary of significant accounting policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended December 31, 2022.

The preparation of the condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed consolidated interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Recent Accounting Pronouncements

As at the date of authorization of these condensed consolidated interim financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2023. Management has reviewed these upcoming accounting pronouncements and determined that they are not applicable or will not have a significant impact to the Company.

3. Exploration and Evaluation Assets

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").

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(EXPRESSED IN CANADIAN DOLLARS)

3. Exploration and Evaluation Assets

Uptown Mineral Property (continued)

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).

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).

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3. Exploration and Evaluation Assets (continued)

Uptown Mineral Property

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 June 30, 2023, 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.

Landing Lakes Project

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd which holds an option to acquire 100 per cent of the Landings Lake property, a lithium property in Ontario consisting of 154 cells comprising 3,147 hectares. The property is located 53 kilometres east of Ear Falls, Ont., with good highway and logging road access, and is in an area where numerous lithium deposits have been delineated to host significant reserves of lithium. From the shareholders of 1335025 B.C. Ltd. (the "Vendors"). Pursuant to the Acquisition, the Company issued 7,700,000 common shares in the capital of the Company (each, a "Consideration Share") to the Vendors at a deemed issue price of \$0.14 per Consideration Share, representing aggregate share consideration of \$1,078,000, in exchange for all of the outstanding common shares of 1335025 B.C. Ltd.

Princeton Project

On May 9, 2023, the Company signed an option agreement to acquire 70% of the Princeton Project, a copper-gold project located in south-central BC covering 70,570 acres (the "Project") from Tulmeen Resources Corporation ("Tulmeen"). The terms of the agreement are as follows:

- a) paying Tulmeen an aggregate of \$500,000 in cash as follows:
 - i. \$50,000 on or before the date that is ten (10) calendar days after May 9, 2023 (the Effective Date") (paid);
 - ii. \$25,000 on or before: (A) the date that Collective consummates an equity investor financing providing not less than \$200,000 in gross cash proceeds to Collective; or (B) December 1, 2023, whichever is earlier;
 - iii. \$100,000 on or before the date that is one (1) calendar year after the Effective Date;
 - iv. \$162,500 on or before the date that is two (2) calendar years after the Effective Date; and
 - v. \$162,500 on or before the date that is three (3) calendar years after the Effective Date;
- b) issuing to Tulmeen an aggregate of 7,000,000 common shares ("Shares") as follows:
 - i. 1,000,000 Shares on or before the date that is ten (10) calendar days after the Effective Date (issued);
 - ii. 1,500,000 Shares on or before the date that is one (1) calendar year after the Effective Date;
 - iii. 2,000,000 Shares on or before the date that is two (2) calendar years after the Effective Date; and
 - iv. 2,500,000 Shares on or before the date that is three (3) calendar years after the Effective Date; and
- c) incurring a minimum of \$1,400,000 in exploration expenditures on the Project as follows:
 - i. \$300,000 on or before the date that is sixteen (16) months after the Effective Date, \$85,000 of which must be incurred before June 30, 2023;
 - ii. \$300,000 on or before the date that is two (2) calendar years after the Effective Date;
 - iii. \$300,000 on or before the date that is three (3) calendar years after the Effective Date; and
 - iv. \$500,000 on or before the date that is four (4) calendar years after the Effective Date

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
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(EXPRESSED IN CANADIAN DOLLARS)

3. Exploration and Evaluation Assets (continued)

Summary of exploration and evaluation assets for the period ended June 30, 2023 and December 31, 2022:

	Landing Lakes \$	Princeton \$	Up Town \$	Total \$
Balance December 31, 2021	-	-	853,851	853,851
Geological/Geophysical	-	-	91,197	91,197
Balance December 31, 2022	-	-	945,048	945,048
Acquisition Costs	1,059,793	270,000	-	1,329,793
Geological Consulting	21,445	64,545	7,748	93,738
Field Expenses	-	15,927	-	15,927
Balance June 30, 2023	1,081,238	350,472	952,796	2,384,506

4. Prepaid expenses

	As at June 30, 2023 \$	As at December 31, 2022 \$
Exploration expenditures	30,000	18,705
Insurance	7,720	7,720
General & administrative	827,533	1,152
Total	865,253	27,577

5. Promissory note

	As at June 30, 2023 \$	As at December 31, 2022 \$
Balance, end of period (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 June 30, 2023, \$2,050 (December 31, 2022 – \$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 June 30, 2023, the Company had 31,387,015 (December 31, 2022 – 7,508,634) shares outstanding.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Share capital (continued)

a. Issued share capital

During the six months ended June 30, 2023 (continued)

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 the former CEO pursuant to an employment agreement between the Company and the former CEO.

On March 13, 2023, the Company completed a share consolidation of ten (10) old shares for one (1) new share basis.

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.

In connection with the Offering, the Company incurred share issuance costs of \$11,948 and paid eligible finders a cash commission of \$74,235, and 593,600 share purchase warrants (the "Finder's Warrants") that were valued at \$66,880 using the Black Scholes model with an expected life of 2 years, volatility of 155% and a risk-free rate of 3.42%. 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.

On April 20, 2023, the Company issued 7,700,000 common shares in the capital of the Company (each, a "Consideration Share") to the Vendors at a deemed issue price of \$0.14 per Consideration Share, representing aggregate share consideration of \$1,078,000, in exchange for all of the outstanding common shares of 1335025 B.C. Ltd.

On May 18, 2023, the Company issued 1,000,000 common shares with a fair value of \$220,000 to the Optionor of the Princeton Project in connection to the property option agreement.

On June 23, 2023, the Company closed a non-brokered private placement of units of the Company (the "Units") through the issuance of 5,728,381 Units at \$0.24 per Unit for gross proceeds of \$1,374,811 (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 \$0.35 on or before June 23, 2025.

In connection with the Offering, the Company paid eligible finders a cash commission of \$92,402, and 385,003 share purchase warrants (the "Finder's Warrants") that were valued at \$76,383 using the Black Scholes model with an expected life of 2 years, volatility of 115% and a risk-free rate of 4.66%. Each Finder's Warrant entitles the holder thereof to purchase one Share at a price of \$0.35 per Share on the same terms as the Warrants.

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.

COLLECTIVE METALS INC. (FORMERLY ARCTIC FOX MINERALS CORP.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Share capital (continued)

b. Warrants

Below is a summary of warrant transactions during the six months ended June 30, 2023:

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2022	-	-
Issued	15,546,984	\$0.26
Balance, as at June 30, 2023	15,546,984	\$0.26

The warrants outstanding as at June 30, 2023, are as follows:

Number of warrants outstanding	Exercise price	Remaining life (years)	Expiry date
8,840,000	\$0.20	1.73	March 23, 2025
593,600	\$0.20	1.73	March 23, 2025
5,728,381	\$0.35	1.98	June 23, 2025
385,003	\$0.35	1.98	June 23, 2025
15,546,984	\$0.26	1.83	

c. 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.

On May 10, 2023, the Company granted 2,475,000 stock options each with an exercise price of CDN\$0.15 expiring on May 10, 2025, to officers, directors and consultants of the Company. Each option, upon payment of the exercise price, entitles the holder thereof to receive one Share of the Company. The options were valued at \$228,629 using the Black Scholes model with an expected life of 2 years, volatility of 135% and a risk-free rate of 3.77%

Below is a summary of option transactions during the six months ended June 30, 2023:

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2022	-	-
Issued	2,475,000	\$0.15
Balance, as at June 30, 2023	2,475,000	\$0.15

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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 June 30, 2023 is \$2,050 (December 31, 2022 - \$2,050) owing to a shareholder and former Director of the Company (Note 5).

On February 6, 2023, the Company issued 35,000 common shares with a fair value of \$5,250 to settle accounts payable with the former CEO of \$17,500. The Company recognized a gain on debt settlement of \$12,250.

On February 6, 2023, the Company issued 100,000 common shares with a fair value of \$15,000 to the former CEO pursuant to an employment agreement between the Company and the former CEO.

At June 30, 2023, amounts owing to the related parties of \$39,175 (December 31, 2022 - \$50,925) were included in accounts payable and accrued liabilities.

During the period ended June 30, 2023 and 2022, the Company entered into the following transactions with key management personnel, which include the officers and directors, of the Company.

For the period ended	June 30, 2023	June 30, 2022
	\$	\$
Management fees paid/accrued to the former CEO, President and Corporate Secretary	30,000	27,000
Consulting services accrued to a company controlled by the former CFO	-	1,500
Consulting fees paid to a company controlled by the CEO	20,000	-
Consulting fees paid to a company controlled by the CFO	15,000	-
Consulting fees paid to a company controlled by Director	6,000	-
Total	71,000	28,500

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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.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2023 and December 31, 2022:

	As at June 30, 2023		
	Level 1	Level 2	Level 3
Cash	\$ 1,676,476	\$ -	\$ -

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

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 June 30, 2023 cash totaled \$1,676,476 (December 31, 2022 - \$70,106). 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, 2022.

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, 2022.

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

Risk factors (continued)

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, 2022.

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, 2022.

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 June 30, 2023, the Company's exposure to liquidity risk had changed from that of the prior year as the Company had cash of \$1,676,476 (December 31, 2022 - \$70,106) to cover current liabilities of \$881,405 (December 31, 2022 - \$489,055). The Company's management of liquidity risk has not changed materially from the year ended December 31, 2022.

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 \$4,158,273 at June 30, 2023 (December 31, 2022 - \$629,079).

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.

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10. Commitment

The Company 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 June 30, 2023, the Company had advanced \$Nil (December 31, 2022 – \$590,000) and \$Nil (December 31, 2022 – \$571,295) of costs have been incurred by the contractor. The remaining balance of \$Nil (December 31, 2022 –\$18,705) is included in prepaid expenses (Note 4).

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.

11. Acquisition of 1335025 BC Ltd.

On April 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1335025 B.C. Ltd. From the shareholders of 1335025 B.C. Ltd. (the “Vendors”). Pursuant to the Acquisition, the Company issued 7,700,000 common shares in the capital of the Company (each, a “Consideration Share”) to the Vendors at a deemed issue price of \$0.14 per Consideration Share, representing aggregate share consideration of \$1,078,000, in exchange for all of the outstanding common shares of 1335025 B.C. Ltd. In addition to the issuance of the Consideration Shares, the Company made a \$50,000 cash payment to a Vendor. The acquisition failed to meet the definition of a business combination under IFRS 3 and as such was recorded as an asset acquisition. The assets acquired primarily consisted of the Landing Lakes project.

12. Subsequent Events

On July 20, 2023, the Company completed the acquisition of all of the issued and outstanding shares of 1000587016 Ontario Ltd. From the shareholders of 1000587016 Ontario Ltd. (the “Vendors”). Pursuant to the Acquisition, the Company issued 4,000,000 common shares in the capital of the Company (each, a “Consideration Share”) to the Vendors at a deemed issue price of \$0.31 per Consideration Share, representing aggregate share consideration of \$1,240,000, in exchange for all of the outstanding common shares of 1000587016 Ontario Ltd. In addition to the issuance of the Consideration Shares, the Company made a \$40,000 cash payment to a Vendor.

On August 9, 2023, the property option granted to the Company pursuant to an assignment and assumption agreement dated December 4, 2020, as amended March 18, 2021 and January 11, 2022, between Rover Metals Corp. and Silver Range Resources Ltd. (“SSR”), whereby the Company could acquire up to a 75% interest in the Up Town Gold property held by SSR, was terminated.