Taurus Gold Corp.

Financial Statements

July 31, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Taurus Gold Corp.

Opinion

We have audited the accompanying financial statements of Taurus Gold Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit 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 audit 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 audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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. 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 IFRS, 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.

The engagement partner on the audit resulting in this independent auditor’s report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

November 22, 2022

Taurus Gold Corp.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at July 31, 2022 and July 31, 2021

	Note	**July 31, 2022 $**	July 31, 2021 $
Assets			
Current assets			
Cash		1,194	101,841
Sales tax receivable		21,788	12,783
Prepaid expenses		2,428	11,134
		25,410	125,758
Non-current assets			
Mineral property interests	4	1,576,445	1,542,002
		1,576,445	1,542,002
Total assets		**1,601,855**	1,667,760
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	7	80,689	89,388
Promissory notes payable	5	149,401	-
		230,090	89,388
Non-current liabilities			
Deferred income tax liability	10	77,000	145,000
Total liabilities		**307,090**	234,388
Shareholders' equity			
Share capital	6	1,794,994	1,794,994
Deficit		(500,229)	(361,622)
Total shareholders' equity		**1,294,765**	1,433,372
Total liabilities and shareholders' equity		**1,601,855**	1,667,760
Nature and continuance of operations	1		
Events after the reporting period	12		

Approved on behalf of the Board of Directors on November 22, 2022:

"Lori Walton" Director   *"Trevor Harding"* Director

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

Taurus Gold Corp.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended July 31, 2022 and July 31, 2021

	Note	**July 31, 2022 $**	July 31, 2021 $
Expenses			
Consulting	7	23,502	77,556
General and administrative		20,968	9,981
Professional fees	7	119,881	78,885
Share-based compensation	6	-	81,100
Transfer agent and filing fees		30,427	42,167
Website costs		3,010	25,169
Loss from operating expenses		**(197,788)**	(314,858)
Other income on settlement of flow-through premium liability	6	**-**	150,754
Interest expense	5	(8,819)	-
Loss for the year before income taxes		**(206,607)**	(164,104)
Deferred income tax expense (recovery)	10	68,000	(145,000)
Loss and comprehensive loss for the year		**(138,607)**	(309,104)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	6	**28,322,620**	24,049,163
- Diluted #	6	**28,322,620**	24,049,163
Basic loss per share $	6	**(0.00)**	(0.01)
Diluted loss per share $	6	**(0.00)**	(0.01)

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

Taurus Gold Corp.

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

For the years ended July 31, 2022 and July 31, 2021

	Common shares #	Share capital $	Reserves $	Deficit $	Total $
August 1, 2020	4,500,000	112,500	-	(94,518)	17,982
Private placement - flow-through common shares	8,315,080	868,017	-	-	868,017
Private placement - common shares	1,507,540	226,131	-	-	226,131
Flow-through premium	-	(150,754)	-	-	(150,754)
Shares issued for mineral property interest	10,000,000	500,000	-	-	500,000
Share-based compensation	-	-	81,100	-	81,100
Re-allocated on expiry of warrants	-	-	(42,000)	42,000	-
Compensation warrants exercised	4,000,000	200,000	-	-	200,000
Re-allocated on exercise of warrants	-	39,100	(39,100)	-	-
Loss and comprehensive loss for the year	-	-	-	(309,104)	(309,104)
July 31, 2021	28,322,620	1,794,994	-	(361,622)	1,433,372
August 1, 2021	28,322,620	1,794,994	-	(361,622)	1,433,372
Loss and comprehensive loss for the year	-	-	-	(138,607)	(138,607)
July 31, 2022	**28,322,620**	**1,794,994**	**-**	**(500,229)**	**1,294,765**

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

Taurus Gold Corp.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended July 31, 2022 and July 31, 2021

	Note	**2022** $	2021 $
Operating activities			
Loss for the year		(138,607)	(309,104)
Items not involving cash:			
Share-based compensation		-	81,100
Other income on settlement of flow-through premium liability		-	(150,754)
Accrued interest on promissory notes		8,819	-
Deferred income tax expense (recovery)		(68,000)	145,000
Changes in non-cash working capital items:			
Prepaid expenses		8,706	(11,134)
Sales tax receivable		(9,005)	(12,783)
Accounts payable and accrued liabilities		(13,791)	55,960
		(211,878)	(201,715)
Financing activities			
Proceeds from issuance of common shares/units		-	1,094,148
Proceeds from promissory notes		140,000	-
Proceeds from exercise of compensation warrants		-	200,000
		140,000	1,294,148
Investing activities			
Exploration expenditures		(28,769)	-
Mineral property costs		-	(1,035,832)
		(28,769)	(1,035,832)
Change in cash		(100,647)	56,601
Cash, beginning of year		101,841	45,240
Cash, end of year		**1,194**	101,841
Supplemental cash flow information	**11**		

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Taurus Gold Corp. (formerly Nouagoha Mining Inc.) (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on March 26, 2019. The registered address, head office, principal address and records office of the Company are located at Suite 600, 815 – 8th Avenue S.W. Calgary, Alberta T2P 3P2.

On June 28, 2022, the Company filed and obtained receipt for their long-form prospectus offering and concurrent listing on the Canadian Securities Exchange (the "CSE").

The Company initially filed a (final) prospectus on June 14, 2021 (the "Prospectus") to qualify an offering to the public of units (the "Units") of the Company at a price of $0.25 per Unit for gross proceeds of $2,000,000 (the "Offering"). Each Unit was comprised of one common share in the capital of the Company and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.40 per share until the date that is twenty-four months following closing of the Offering. On November 10, 2021, the Company filed a second amended and restated prospectus, which amended and restated the amended and restated prospectus of the Company dated September 9, 2021, which had amended and restated the Prospectus. The second amended and restated prospectus amended the terms of the Offering such that the Company would complete the Offering for $2,000,000 comprising a combination of up to a maximum of 4,000,000 flow-through units ("Flow-Through Units") at a price of $0.25 per Flow-Through Unit, each Flow-Through Unit comprising one common share ("Common Share") which qualifies as a "flow-through share" pursuant to the *Income Tax Act* (Canada), and one half of one Common Share purchase warrant (each whole warrant, a "Flow-Through Unit Warrant") exercisable at a price of $0.40 per Common Share for a period of 24 months), and a combination of a minimum of 5,000,000 and up to a maximum of 10,000,000 Common Share units ("Common Share Units", and together with the "Flow-Through Units", the "Offered Units") at a price of $0.20 per Common Share Unit, each Common Share Unit comprising one Common Share and one half of one Common Share purchase warrant (each whole warrant, a "Common Share Unit Warrant", and collectively with the Flow-Through Unit Warrants, the "Offered Warrants"), with each Common Share Unit Warrant exercisable at a price of $0.35 per Common Share for a period of 24 months following completion of the Offering.

The Company had received conditional approval to list the common shares issuable pursuant to the Offering on the Canadian Securities Exchange (the "CSE"). Listing was to be subject to the Company fulfilling all of the listing requirements of the CSE, including prescribed distribution and financial requirements.

The Company was unable to complete the Offering, and the distribution period under the Prospectus expired. In addition, the CSE's conditional approval had lapsed.

On March 16, 2022 the Company filed a preliminary long-form prospectus dated March 14, 2022 (the "2022 Prospectus"), with the securities regulatory authorities in the provinces of Alberta, British Columbia, and Ontario to qualify the distribution to the public of a combination of a minimum of 5,000,000 and up to a maximum of 7,500,000 Common Share Units and up to a maximum of 2,000,000 Flow Through Units, at a price of $0.20 per Common Share Unit and $0.25 per Flow-Through Unit, for total proceeds of $1,500,000 (the "2022 Offering"). Concurrently with the filing of the 2022 Prospectus, the Company applied to list its Common Shares on the CSE.

Under the 2022 Offering, each Common Share Unit is comprised of one Common Share and one half of one Common Share purchase warrant (each whole warrant, a "Warrant") entitling the holder to acquire one Common Share at a price of $0.35 per Common Share until the date that is twenty-four (24) months following the closing of the Offering. Each Flow-Through Unit is comprised of one Common Share which qualifies as a "flow-through share" pursuant to the *Income Tax Act* (Canada) and one half of one Warrant. The Company does not intend to list the warrants on the CSE or any other stock exchange.

On September 15, 2022, the Company was approved for listing on the CSE under the symbol: TAUR.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

Going concern of operations

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

These financial statements (the "financial statements") are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at July 31, 2022, the Company has recurring losses and has a working capital deficit of $228,896 and a cumulative deficit of $513,229. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and shareholder advances in the form of unsecured promissory notes for working capital purposes.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Management has assessed that the subsequent financing (Note 12) is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, and have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported expenses during the period. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Significant sources of estimation uncertainty that management has made at the end of the reporting period are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

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

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Flow-through shares

The Company expects to finance a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through shares, the Company will allocate the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Share capital;
- Warrant reserve; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company will review its tax position and record an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company will reverse the liability for the flow-through share premium to other income as the expenditures are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements will be the more easily measurable component and will be valued at their fair value, as determined by the closing quoted bid price on the announcement date (subsequent to the Company obtaining a public listing). The balance, if any, will be allocated to the attached warrants. Any fair value attributed to the warrants will be recorded as reserves.

Prior to the Company obtaining a public listing, the full value of the units will be attributed to the common share component of the units issued.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For periods in which the Company reports a loss, this calculation proves to be anti-dilutive.

Basic earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for environmental rehabilitation

The Company will recognize the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made. The carrying amount of the related long-lived asset will be increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

As at July 31, 2022, there was no material provision for environmental rehabilitation.

Share-based payments

The Company will grant stock options to acquire common shares of the Company to Directors, Officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit. The Company estimates a forfeiture rate and will adjust the corresponding expense each period based on an updated forfeiture estimate.

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

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVOCI"), 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 (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. 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 the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Measurement

i. Financial assets and liabilities at FVTPL and FVOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and 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 and 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 income (loss). Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss). Cash is measured at FVTPL.

ii. Financial assets and liabilities at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL, are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts payable and accrued liabilities is measured at amortized cost.

iii. Impairment of financial assets at amortized cost

The Company recognizes on a forward-looking basis the expected credit losses ("ECL") model on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVOCI.

At each reporting date, the Company measures the ECL 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 ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in profit and 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. The loss allowance was $nil as at July 31, 2022 and July 31, 2021.

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS

	Charlotte Project $	Total $
Balance, August 1, 2020	-	-
Acquisition - cash	10,000	10,000
Acquisition - shares	500,000	500,000
Drilling	957,573	957,573
Geologist and consulting	68,978	68,978
Travel	5,451	5,451
Balance, July 31, 2021	**1,542,002**	**1,542,002**
Drilling	15,452	**15,452**
Geologist and consulting	18,991	18,991
Balance, July 31, 2022	**1,576,445**	**1,576,445**

Charlotte Property

On August 18, 2020 (the “Effective Date”), the Company entered into an option agreement (“Original Option Agreement”) with 1011308 B.C. Ltd. (“1011308 BC”) to acquire up to a 100% interest in 139 mineral claims in the Mt. Nansen Region West of Carmacks in the south-central Yukon, Canada.

Under the terms of the Original Option Agreement, within 60 days of the Effective Date, the Company was required to satisfy certain obligations preceding the earn-in activity:

- Payment of $250,000 to 1011308 BC (the "Initial Payment"); and
- Issuance of 10,000,000 common shares to 1011308 BC at a price of $0.05 per share (issued at a fair value of $500,000) (note 6).

Within two years of the Effective Date, the Company was required satisfy certain additional obligations to acquire a 51% interest in the property (the “First Option”):

- Incur $2,000,000 in exploration expenditures on the property; and
- Issuance of 10,000,000 common shares to 1011308 BC.

Within four years of the Effective Date, and subsequent to the Company completing the requirements of the First Option, the Company was required to satisfy certain additional obligations to acquire an additional 25% interest in the property (the “Second Option”):

- Incur an additional $2,000,000 in exploration expenditures on the property; and
- Issuance of 10,000,000 common shares to 1011308 BC.

Within six years of the Effective Date, and subsequent to the Company completing the requirement of the Second Option, the Company was required to satisfy certain additional obligations to acquire the remaining 24% interest in the property (the “Third Option”):

- Incur an additional $2,000,000 in exploration expenditures on the property;
- Issuance of 10,000,000 common shares to 1011308 BC; and
- Delivering a Preliminary Economic Assessment on the property to 1011308 BC.

4. MINERAL PROPERTY INTERESTS (continued)

Under the terms of the Original Option Agreement, certain principals of 1011308 BC retain a 3.0% net smelter return royalty, collectively ("NSR") on any commercial production on the property. In the event that the Company exercised the Third Option, the Company would have had the right to purchase one-third (1.0%) of the NSR for the purchase price of $1,500,000 for a period of 90 days.

The Company issued 7,500,000 common shares to 1011308 BC on August 18, 2020. On October 18, 2020, the Company and 1011308 BC entered into an amending agreement, pursuant to which they agreed to extend the period in which the Company is required to make the Initial Payment to the earlier of (i) five (5) business days following closing of the Offering, and (ii) March 15, 2021. On March 15, 2021, the Company and 1011308 BC entered into a second amending agreement extending the deadline of the Initial Payment to March 15, 2022.

On March 14, 2022, the Company and 1011308 BC entered into an amended and restated option agreement (the "Amended and Restated Option Agreement") amending and restating the terms of the Original Option Agreement. Under the terms of the Amended and Restated Option Agreement, the Company has the right to acquire a 75% earned interest in the Charlotte Property by exercising the first option, with a second option to acquire the remaining 25%. The exercise of the first option is conditional upon the Company: (i) paying to 1011308 BC $50,000 upon the earlier of five (5) business days following completion of the Offering and March 14, 2023; (ii) issuing 30,000,000 Common Shares to 1011308 BC, and (iii) incurring not less than $1,500,000 in expenditures on or before March 14, 2024 (or making the equivalent payment of cash to 1011308 BC in lieu) (the "First Option Expenditure Amount"). For the purposes of the Company's requirement to incur the First Option Expenditure Amount, the Company and 1011308 BC have agreed that the expenditures in the amount of $1,034,835 incurred during the term of the Original Option Agreement shall be included in the calculation of the First Option Expenditure Amount.

Under the terms of the Amended and Restated Option Agreement, the right of the Company to exercise the second option and acquire an additional 25% earned interest (100% total) in the Charlotte Property is conditional upon the Company, on or before March 14, 2026: (i) having exercised the first option and, concurrently with the delivery of the first option exercise notice, delivering written notice of the Company's intention to pursue the second option; (ii) the Company issuing an additional 10,000,000 Common Shares to 1011308 BC; (iii) the Company paying to 1011308 BC $200,000; and (iv) the Company delivering a mineral resource estimate report to 1011308 BC, prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

On May 26, 2022, the Company and the Optionor entered into the Second Amended and Restated Option Agreement, amending and restating the Amended and Restated Option Agreement. Under the terms of the Second Amended and Restated Option Agreement, the Company now has the right to acquire a 51% earned interest in the Charlotte Property by exercising the first option, with a second option to acquire 25% and a third option to acquire the remaining 24%. The exercise of the first option is conditional on the following: (i)The Corporation paying the Optionor $50,000 (the "First Option Payment") on the earlier of: (i) five (5) Business Days following completion of the Offering, and (ii) the first anniversary of the Second Amended and Restated Option Agreement; (ii)The Corporation issuing 10,000,000 Common Shares to the Optionor; and (iii)The Corporation incurring not less than $1,500,000 in expenditures on or before the second anniversary of the date of the Second Amended and Restated Option Agreement (or making the equivalent payment of cash to the Optionor in lieu) (the "First Option Expenditure Amount").

Under the terms of the Second Amended and Restated Option Agreement, the right of the Company to exercise the second option, on or before the fourth anniversary of the date of the Second Amended and Restated Option, and acquire an additional 25% earned interest (76% total earned interest) in the Charlotte Property is conditional on the following: (i) The Corporation having exercised the first option and, concurrently with the delivery of the first option exercise notice, delivering written notice to the Optionor stating its intention to pursue the second option; (ii)The Corporation issuing to, or as directed by, the Optionor, an additional 10,000,000 Common Shares on or before the fourth anniversary of the date of the Second Amended and Restated Option Agreement; (iii) The Corporation paying the Optionor $200,000 on or before the fourth anniversary of the date of the Second Amended and Restated Option Agreement; and (iv) The Corporation incurring not less than

4. MINERAL PROPERTY INTERESTS (continued)

$1,500,000 in additional expenditures on or before the fourth anniversary of the date of the Second Amended and Restated Option Agreement.

Under the terms of the Second Amended and Restated Option Agreement, the right of the Company to exercise the third option, on or before the sixth anniversary of the date of the Second Amended and Restated Option, and acquire the remaining 24% earned interest (100% total earned interest) in the Charlotte Property is conditional on the following: (i) The Corporation having exercised the second option and, concurrently with the delivery of the second option exercise notice, delivering written notice to the Optionor stating its intention to pursue the third option; (ii) The Corporation issuing to, or as directed by, the Optionor, an additional 10,000,000 Common Shares on or before the sixth anniversary of the date of the Second Amended and Restated Option Agreement; (iii) The Corporation incurring not less than $1,500,000 in additional expenditures on or before the sixth anniversary of the date of the Second Amended and Restated Option Agreement; and (iv)The Corporation delivering the Resource Estimate Report to the Optionor on or before the sixth anniversary of the date of the Second Amended and Restated Option Agreement.

In the event the Company elects to earn less than a 100% interest in the Charlotte Property, the parties have agreed to form a joint venture to further explore and develop the Charlotte Property, all upon and subject to the terms and conditions set out in the Second Amended and Restated Option Agreement.

The Charlotte Property is subject to an existing 3% NSR payable to certain non-arm's length parties of the Corporation and Optionor. The NSR also applies to additional claims staked or otherwise acquired within a five-kilometre radius of the Charlotte Property. In the event that the Corporation exercises the third option pursuant to the Second Amended and Restated Option Agreement, the Company shall have the right to purchase one-third of the NSR by paying $1,500,000.

5. PROMISSORY NOTES PAYABLE

On November 3, 2021, the Company borrowed an aggregate of $45,000 (the "2021 Loans") from certain existing shareholders of the Company, in each case evidenced by the issuance of unsecured, non-convertible promissory notes (each, a "Promissory Note") bearing an interest rate of 1% per month and repayment of the principal amount owing, plus any accrued and unpaid interest, at the earlier of: (i) the Offering, or (ii) November 3, 2022. The lenders are not able to demand repayment of the 2021 Loans before the maturity date, although the Company is permitted to prepay the 2021 Loans in whole or in part without notice or penalty.

During the year ended July 31, 2022, certain shareholders advanced an aggregate of $95,000 under the same terms as the 2021 Loans, with a maturity date of March 11, 2023 (the "2022 Loans", and together with the 2021 Loans, the "Loans"). The Company has issued unsecured, non-convertible promissory notes evidencing the 2022 Loans and has issued amended and restated promissory notes to lenders of the 2021 Loans, as each existing lender advanced additional principal to the Company pursuant to the 2022 Loans. The amended promissory notes also extend the terms of the 2021 Loans to March 11, 2023. The Loans are not convertible into Common Shares or other securities of the Company.

As at July 31, 2022, principal plus accrued interest on the Loans totaled $149,401 (July 31, 2021 - $nil) which includes $8,819 accrued interest.

6. SHAREHOLDERS' EQUITY

The authorized share capital of the Company consists of unlimited common and preferred shares without par value. All issued shares are fully paid.

Issuances of common shares during the year ended July 31, 2022:

There were no issuances of common shares during the year ended July 31, 2022.

Issuances of common shares during the year ended July 31, 2021:

- On August 18, 2020, the Company completed a private placement whereby an aggregate of 5,300,000 flow-through common shares were issued at a price of $0.05 per flow-through common share for gross proceeds of $265,000. No residual value was allocated as a flow-through premium in connection with the financing.

- On August 18, 2020, the Company issued 10,000,000 common shares in connection with a mineral property option agreement (note 4). The shares were valued at $0.05 per common share for total consideration of $500,000.

- On October 31, 2020, following the expiration of the 4,000,000 warrants issued on August 18, 2020, the Company issued 4,000,000 new warrants, with each warrant allowing the holder to receive one flow-through common share, in exchange for the payment of $0.05 until December 31, 2020. All 4,000,000 warrants were exercised on December 31, 2020 resulting in the issuance of 4,000,000 flow-through common shares. No residual value was allocated as a flow-through premium in connection with the financing.

- On December 30, 2020, the Company completed a flow-through private placement, in which the Company issued 1,507,540 flow-through units (the "FT Units") at a price of $0.55 per FT Unit for gross proceeds of $829,147. Each FT Unit comprises two flow-through common shares (at $0.20 per flow-through common shares), and one non-flow-through common share (at $0.15 per non-flow-through common share). As a result of the issuance of FT Units an aggregate of 3,015,080 flow-through common shares were issued and 1,507,540 non-flow-through shares were issued. The flow-through units were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be $150,754 and has been recorded as a reduction of share capital.

  An equivalent flow-through share premium liability has been recorded, which was reversed pro-rata as the required exploration expenditures were incurred.

- As at July 31, 2022, the Company has 12,012,500 escrowed securities. Pursuant to the escrowed provisions, 10% of the escrowed securities will be released from escrow upon the date that the common shares are listed on the CSE. The remaining 90% of the escrowed securities will be released from escrow in 15% tranches at 6 month intervals thereafter, over a period of 36 months.

Stock options

The Company has a stock option plan (the "Stock Option Plan"), whereby it can grant incentive stock options to Directors, Officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company on a non-diluted basis. The number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by any individual may not exceed 5% of the issued common shares. The vesting period for all stock options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares. All stock options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such stock options are granted.

There have been no stock options granted from incorporation to July 31, 2022.

(Expressed in Canadian Dollars)

6. SHAREHOLDERS' EQUITY (continued)

Warrants

A summary of the status of the Company's warrants as at July 31, 2022 and July 31, 2021 and changes during the year then ended is as follows:

	Year ended April 30, 2022		Year ended July 31, 2021	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Warrants outstanding, beginning of year	2,500,000	0.10	2,500,000	0.10
Issued - compensatory warrants	-	-	8,000,000	0.05
Exercised - compensatory warrants	-	-	(4,000,000)	0.05
Expired - compensatory warrants	-	-	(4,000,000)	0.05
Warrants outstanding, end of year	**2,500,000**	**0.10**	2,500,000	0.10

As at July 31, 2022, the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Expiry date	Remaining life (years)
2,500,000	0.10	March 26, 2024	1.65
2,500,000			

On August 18, 2020, the Company issued 4,000,000 compensation warrants to arm's length parties for services provided. The warrants were exercisable into flow-through common shares at a price of $0.05 and had an expiration date of October 30, 2020. The warrants were fair valued at $42,000 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.05, expected life of 0.20 years, expected volatility of 120%, no dividend yield and a risk-free discount rate of 0.50%. The warrants expired unexercised on October 30, 2020, and accordingly, the fair value was reversed from reserves in the period.

On October 30, 2020, the Company issued 4,000,000 compensation warrants to arm's length parties for services provided. The warrants are exercisable into flow-through common shares at a price of $0.05 and have an expiration date of December 31, 2020. The warrants were fair valued at $39,100 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.05, expected life of 0.17 years, expected volatility of 120%, no dividend yield and a risk-free discount rate of 0.50%. All 4,000,000 warrants were exercised on December 31, 2020.

Loss per share

The calculation of basic and diluted loss per share for the year ended July 31, 2022 was based on the net loss of $151,607 (2021 – $309,104) and a weighted average number of common shares outstanding of 28,322,620 (2021 – 24,049,163).

All warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

Key management compensation

Transactions with key management during the year ended July 31, 2022:

- $20,250 in consulting fees was paid or accrued to the former Chief Executive Officer and Director of the Company;
- $40,000 in consulting fees was paid or accrued to the Chief Executive Officer and Director of the Company; and
- $37,100 in professional fees was paid or accrued to a company in which the Chief Financial Officer of the Company exerts significant influence.

Transactions with key management during the year ended July 31, 2021:

- $55,125 in consulting fees was paid or accrued to the Chief Executive Officer and Director of the Company; and
- $33,272 in professional fees was paid or accrued to a company in which the Chief Financial Officer of the Company exerts significant influence.

As at July 31, 2022, $32,550 (July 31, 2021 - $19,268) is owing to key management and included in accounts payable and accrued liabilities.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2022, the Company had a cash balance of $1,194 to settle current liabilities of $230,090. All of the Company's financial liabilities have contractual maturities of less than one year or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

Market risk

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

i. Interest rate risk

   The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's promissory notes payable obligations are not considered significant.

ii. Foreign currency risk

   The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at July 31, 2022, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

9. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from July 31, 2021.

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the year ended July 31, 2022, and July 31, 2021, is as follows:

	July 31, 2022	July 31, 2021
	$	$
Loss for the year before income taxes	(206,607)	(161,104)
Statutory Canadian corporate tax rate	23.00%	27.00%
Expected income tax expense (recovery)	(47,520)	(44,000)
Change in tax resulting from:		
Non-deductible items	-	(19,000)
Change in tax jurisdiction and other	(20,480)	-
Impact of flow through shares	-	234,000
Change in recognized deductible temporary differences and other	-	(26,000)
Total deferred income tax expense (recovery)	(68,000)	145,000

Significant components of the Company's net deferred tax assets (liabilities) are as follows:

	July 31, 2022	July 31, 2021
	$	$
Mineral property interests	(234,000)	(234,000)
Non-capital losses carried forward	157,000	89,000
Net deferred income tax liability	**(77,000)**	(145,000)

As at July 31, 2022, the Company has non-capital loss carry forwards of approximately $535,000 (July 31, 2021 – $328,000) which expire as follows: $24,000 in 2039, $70,000 in 2040, $234,000 in 2041, and $207,000 in 2042.

As at July 31, 2022, the Company has unclaimed resource and other deductions in the amount of approximately $708,000 (July 31, 2021 - $674,000) which may be deducted against future taxable income.

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

(Expressed in Canadian Dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities during the years ended July 31, 2022, and July 31, 2021 as follows:

	July 31, 2022 $	July 31, 2021 $
Non-cash financing activities:		
Issuance of common shares for mineral property option payment	-	500,000
Recognition of flow-through premium liability	-	150,754
Re-allocation of compensation warrants expired	-	42,000
Fair value of warrants reallocated to share capital	-	39,100
	-	731,854
Non-cash investing activities:		
Mineral property option payment made in common shares	-	500,000
Mineral property costs included in accounts payable and accrued liabilities	11,844	6,170
	11,844	506,170

During the year ended July 31, 2022, and July 31, 2021 no amounts were paid on behalf of interest or income tax.

12. EVENTS AFTER THE REPORTING PERIOD

On September 14, 2022, the Company announced it had closed its initial public offering (“IPO”), in which it issued 8,315,250 units for total gross proceeds of $1,716,800. The offered units of 7,240,250 non-flow-through units sold at a price of $0.20 per common share unit and 1,075,000 flow-through units sold at a price of $0.25 per flow-through unit include 1,084,000 common share units issued pursuant to the exercise of the overallotment option by Canaccord Genuity Corp., the agent for the offering.

Each common share unit comprises one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.35 per common share until September 14, 2024. Each flow-through unit comprises one common share, which qualifies as a flow-through share pursuant to the Income Tax Act, and one-half of one warrant. The warrants were issued pursuant to a warrant indenture dated September 14, 2022, between the company and its warrant agent.

Canaccord received a cash commission fee equal to 8 per cent of the gross proceeds from the sale of the offered units as well as a corporate finance fee in cash and 160,000 common share units. In addition, Canaccord and its selling group members received 665,220 non-transferable unit purchase warrants (“Agent Warrants”), with each Agent Warrant entitling the holder to acquire one common share unit at the exercise price of $0.20 for a period of 24 months following the closing date.

Directly following closing of the initial public offering, the corporation issued an aggregate of 1,625,000 stock options exercisable at $0.25 for a period of 5 years to officers, directors and a consultant of the company.