CAPROCK

MINING CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Caprock Mining Corp.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Caprock Mining Corp (the Company), which comprise the statements of financial position as at August 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards, in accordance with International Financial Reporting Standards.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 2 in the financial statements, which indicates that the Company incurred a comprehensive loss of $591,268 during the year ended August 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Impairment Assessment of Exploration and Evaluation (E&E) Assets

Description of the matter
As described in Note 6 to the financial statements, the carrying value of the exploration and evaluation assets amounted to $2,071,600 as at August 31, 2023.

During the year ended August 31, 2023, an impairment of $11,000 has been recognized in the statement of loss and comprehensive loss.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and subject to impairment assessment.

In undertaking this assessment, management is required to apply judgment whether the following factors would be considered an indicator of impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed;
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Why the matter is a key audit matter
We determined this as a key audit matter as it represented an area of significant risk of material misstatement given the magnitude of the E&E assets and the significant management judgment involved in assessing the existence of impairment indicators. In addition, significant auditor judgement, knowledge and effort were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit
The following were the primary procedures we performed to address this key audit matter.

- Reviewed management's E&E impairment analysis and ensured it was reasonable and complies with IFRS 6 guidance;
- Verified the status of the Company's mining claims and confirmed good standing or lapse of claims with Government registers;
- Considered evidence obtained in other areas of the audit to assess the Company's continued ability and plans to further develop the E&E properties; and;
- Reviewed National Instrument 43-101 Technical Reports noting the potential commercial viability of the properties.

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis but does not include the financial statements and our auditor's report thereon.

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.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 scepticism 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.

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
December 12, 2023

Caprock Mining Corp.
Statements of Financial Position
As at August 31
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Assets		
Current Assets		
Cash	**235,699**	689,889
Receivables (Note 4)	**19,747**	19,092
Prepaid expenses (Note 5)	**34,606**	37,215
Total Current Assets	**290,052**	746,196
Exploration and evaluation assets (Notes 6 and 8)	**2,071,600**	2,000,000
Total Assets	**2,361,652**	2,746,196
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	**212,772**	124,900
Total Liabilities	**212,772**	124,900
Shareholders' Equity		
Share capital (Note 8)	**3,605,824**	3,553,824
Reserve for restricted share units (Note 9)	**99,027**	74,722
Reserve for share-based payments (Note 10)	**146,313**	131,118
Reserve for warrants (Note 11)	**408,500**	408,500
Accumulated deficit	**(2,110,784)**	(1,546,868)
Total Shareholders' Equity	**2,148,880**	2,621,296
Total Liabilities and Shareholders' Equity	**2,361,652**	2,746,196

Nature of operations and going concern (Note 1)

Contingencies (Note 17)

Subsequent event (Note 18)

Approved on behalf of the Board of Directors:

"Vishal Gupta"
Vishal Gupta, Director

"Jim Kirke"
Jim Kirke, Director

The accompanying notes are an integral part of these financial statements

Caprock Mining Corp.
Statements of Loss and Comprehensive Loss
For the Years ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Expenses		
Professional fees (Note 14)	**347,093**	505,170
Exploration and evaluation expenditures (Note 6)	**71,536**	126,414
Share-based compensation (Notes 9, 10 and 14)	**66,852**	205,840
Office and general	**36,538**	46,158
Travel and entertainment	**24,837**	23,773
Shareholder costs	**21,225**	47,893
Advertising and promotion	**12,187**	12,174
Impairment of exploration and evaluation assets (Note 6)	**11,000**	-
Non-recoverable input tax credits	**-**	24,439
Net Loss and Comprehensive Loss	**(591,268)**	(991,862)
Weighted Average Number of Outstanding Shares – Basic and diluted	**41,102,637**	35,413,596
Net Loss per Share – Basic and diluted (Note 12)	**(0.014)**	(0.028)

The accompanying notes are an integral part of these financial statements

Caprock Mining Corp.

Statements of Changes in Shareholders' Equity
For the Years ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Notes	Share Capital		Reserves				
		Number of Shares	Amount	Reserve for Restricted Share Units	Reserve for Share-Based Payments	Reserve for Warrants	Accumulated Deficit	Total
		#	$	$	$	$	$	$
Balance, September 1, 2021		**30,372,500**	**1,553,824**	-	-	**408,500**	**(555,006)**	**1,407,318**
Shared issued for acquisition of properties	6, 8	10,000,000	2,000,000	-	-	-	-	2,000,000
Share-based compensation	9, 10	-	-	74,722	131,118	-	-	205,840
Net loss for the year		-	-	-	-	-	(991,862)	(991,862)
Balance, August 31, 2022		**40,372,500**	**3,553,824**	**74,722**	**131,118**	**408,500**	**(1,546,868)**	**2,621,296**
Balance, September 1, 2022		**40,372,500**	**3,553,824**	**74,722**	**131,118**	**408,500**	**(1,546,868)**	**2,621,296**
Shares issued on Ackley Property option acquisition	6, 8	1,300,000	52,000	-	-	-	-	52,000
Share-based compensation	9, 10	-	-	24,305	42,547	-	-	66,852
Cancellation of options	10	-	-	-	(27,352)	-	27,352	-
Net loss for the year		-	-	-	-	-	(591,268)	(591,268)
Balance, August 31, 2023		**41,672,500**	**3,605,824**	**99,027**	**146,313**	**408,500**	**(2,110,784)**	**2,148,880**

The accompanying notes are an integral part of these financial statements

Caprock Mining Corp.
Statements of Cash Flows
For the Years ended August 31, 2023 and 2022
(Expressed in Canadian Dollars)

	2023	2022
	$	$
Operating Activities		
Net loss for the year	**(591,268)**	(991,862)
Adjustments for non-cash items:		
Share-based compensation (Notes 9 and 10)	**66,852**	205,840
Impairment of Big Ridge property (Note 6)	**11,000**	-
	(513,416)	(786,022)
Net change in non-cash working capital items:		
Receivables (Note 4)	**(655)**	24,391
Prepaid expenses (Note 5)	**2,609**	6,943
Accounts payable and accrued liabilities (Note 7)	**87,872**	54,918
Cash Flows (used in) Operating Activities	**(423,590)**	(699,770)
Investing Activities		
Ackley property option (Note 6)	**(30,600)**	-
Cash Flows (used in) by Investing Activities	**(30,600)**	-
(Decrease) in cash	**(454,190)**	(699,770)
Cash, beginning of year	**689,889**	1,389,659
Cash, end of year	**235,699**	689,889

SUPPLEMENTAL INFORMATION:		
Fair value of shares issued for Ackley Property option	**52,000**	-
Fair value of shares issued for Big Ridge Property	**-**	2,000,000

The accompanying notes are an integral part of these financial statements

1. Nature of Operations and Going Concern

Caprock Mining Corp. ("Caprock" or the "Company") was incorporated as Blingold Corp. under the provisions of the *Business Corporations Act* (Ontario) on September 14, 2020. On July 12, 2021, the Company filed Articles of Amendment to change the name from Blingold Corp. to Caprock Mining Corp. The Company was incorporated to explore and evaluate mining properties in Canada. The registered address of the Company is 77 King Street West, Suite 2905, Toronto, Ontario, M5K 1H1, Canada. On January 26, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker "CAPR".

The Company is considered to be in the exploration stage and has not yet determined whether its mineral properties contain economically recoverable reserves. The continued operations of the Company and the recoverability of amounts shown or expended for exploration and evaluation ("E&E") assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, and if they are proven successful, the existence of economically recoverable reserves and future profitable production, or upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The expected primary source of future funds presently available to the Company is through the issuance of common shares, or sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company.

For the year ended August 31, 2023, the Company incurred a net loss of $591,268 (2022 – $991,862) and negative cash flow from operations of $423,590 (2022 – $699,770), and as at August 31, 2023, the Company had an accumulated deficit of $2,110,784 (August 31, 2022 – deficit of $1,546,868). The Company's ability to continue as a going concern is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable operations.

These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities, reported revenues and expenses, and any classifications of statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on December 12, 2023.

2. Basis of Presentation (continued)

(b) Basis of Measurement

These financial statements have been prepared in accordance with IFRS, on the historical cost basis with the exception of financial instruments classified as at fair value through profit or loss (“FVTPL”), which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional Currency

These financial statements are presented in Canadian dollars (“$” or “CAD”), which is the functional currency of the Company, unless otherwise noted. The functional currency is the currency of the primary economic environment in which the Company operates.

(d) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company’s ability to continue as a going concern by reviewing the Company’s performance, resources and future obligations. The conclusion that the Company will be able to continue is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management’s strategic planning.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model (“Black-Scholes”). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

Restricted Share Units

Restricted share units (“RSUs”) are initially measured and recognized at fair value, based on the market price from active market if available, and based on management using various estimation techniques and valuation models if information from active market is not available. Judgment, which is required to establish fair value includes consideration of various model inputs such as volatility, estimated life and discount rates.

2. Basis of Presentation (continued)

(d) Significant Accounting Judgments, Estimates and Assumptions (continued)

Shares issued for non-cash consideration

The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation techniques and other factors.

Impairment

Long-lived assets, including E&E assets, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of: (i) value-in-use; or (ii) fair value less cost to sell. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

These are determined through the exercise of judgments and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological improvements.

An impairment assessment was performed for the E&E assets for the year ended August 31, 2023.

Restoration, rehabilitation and environmental obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods can differ materially from the estimates.

Income taxes

Income taxes and tax exposures recognized in the financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECL") for amounts receivable and all debt financial assets not held at FVTPL requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

3. Summary of Significant Accounting Policies

(a) Cash

Cash in the statements of financial position comprises cash on hand and in deposits held at call with financial institution in Canada.

(b) Financial Instruments

The Company classifies and measures financial instruments in accordance with IFRS 9 – Financial Instruments (“IFRS 9”). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the statement of financial position when it becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (loss) (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company’s financial assets include cash and receivables. The Company’s financial liabilities include its accounts payable and accrued liabilities.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics do not meet the solely payment of principal and interest (“SPPI”) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the statements of loss and comprehensive loss.

Financial assets at fair value through other comprehensive income

Debt and equity instruments that are held for collection of contractual cash flows and for sale, and where the assets’ cash flows represent solely payments of principal and interest, are classified as FVTOCI. Movements in fair values are recognized in other comprehensive income (“OCI”) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss recognized in OCI is reclassified from equity to profit or loss and presented in “other gains and losses”. Interest income from these financial assets is recognized using the effective interest rate method and presented in “interest income”. As at August 31, 2023 and 2022, the Company did not have any financial assets at FVTOCI.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Amortized cost

Debt and equity instruments that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Company's classification of financial assets and financial liabilities is summarized below:

Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

Expected credit loss impairment model

Under IFRS 9, the Company recognizes a provision for ECL on financial assets that are measured on amortized cost. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses on derecognition are generally recognized in profit or loss.

3. Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- 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).

(c) Exploration and Evaluation Assets

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

Once the legal right to explore a property has been acquired, the Company expenses exploration and evaluation expenditures as incurred. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, 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.

Acquisition costs of mineral property rights, property option payments and equipment related to exploration and evaluation activities are capitalized.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for E&E assets as a gain on disposal.

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

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied against the asset first and then to profit or loss once the asset has been brought to $nil.

The Company assesses E&E assets for impairment when facts or circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When this is the case, the Company would carry out an impairment test on the asset or group of assets, which requires estimate and judgement in determining the recoverable amount with reference to the fair value of the assets or group of assets less costs to sell or the value-in-use calculation. Where the recoverable amount is determined to be less than the carrying amount, an impairment loss may arise.

3. Summary of Significant Accounting Policies (continued)

(c) Exploration and Evaluation Assets (continued)

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that impairment had occurred. An example of such a situation might include, but not be limited to, the recommencement of exploration activity on a mineral property due to a significant change in commodity prices.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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’. E&E assets are also tested for impairment before the assets are transferred to development properties.

E&E assets are classified as intangible assets. Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits, if any, are classified as loans and receivables.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by development or production. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through an amortization method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits.

The Company has no material restoration, rehabilitation and environmental costs as at August 31, 2023 and 2022.

Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

3. Summary of Significant Accounting Policies (continued)

(d) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(e) Income Tax

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current income tax is recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recorded for temporary differences at the date of the statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax‑related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(f) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company’s equity. The proceeds from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the units. The fair value of the warrants is determined using Black-Scholes.

3. Summary of Significant Accounting Policies (continued)

(f) Share Capital (continued)

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(g) Restricted Share Units

The Company operates a restricted share units plan (the "RSU Plan"). RSUs are equity-settled share-based payments and are measured at fair value on the date of grant. The fair value of RSUs is determined by the greater of (i) the weighted average of the trading price per share on the CSE for the last five trading days ending on the grant date; and (ii) the closing price of the shares on the day before the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to restricted share unit reserve. Under IFRS, the Company's RSUs are classified as equity-settled share-based payment transactions as they are settled in common shares at the sole discretion of the Company.

RSUs which do not vest on or before the expiry date will be automatically cancelled, without further act or formality and without compensation. If a recipient ceases to be a Director, Officer or Employee ("Eligible Person") as a result of retirement, death or total disability, or termination of employment or removal from service by the Company or a related party without cause, the RSUs will not be cancelled but will remain outstanding for a period of one year following the date upon which such recipient ceases to be an Eligible Person.

(h) Share-Based Payments Transactions

The Company operates a stock option plan (the "Option Plan"). Share-based payments to directors, officers or employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are provided. The fair value of options is determined using Black-Scholes. The fair value of equity-settled share-based compensation transactions are recognized as an expense with a corresponding increase in the reserve for share-based payments.

If an optionee ceases to be an Eligible Person of the Company for any reason (whether or not for cause), the optionee may but for only within the period of ninety days (unless such period is extended by the Board or the Committee, as applicable, to a maximum of one year next succeeding such cessation) next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option.

(i) Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

(j) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. Summary of Significant Accounting Policies (continued)

(k) Foreign Currency Transactions

Monetary assets and liabilities denominated in currencies other than CAD, are translated into CAD at the rate of exchange in effect at the statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date's exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive loss for the period.

(l) Adoption of New Accounting Policies

The Company adopted the following accounting policy, effective September 1, 2022. These changes were made in accordance with the applicable transitional provisions. The adoption of these amendments did not have any material impact on the Company's consolidated financial statements:

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

Disclosure of Accounting Policies (Amendments to IAS 1) continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

4. Receivables

The Company's receivables balance represents amounts due from government taxation authorities in respect of the Harmonized Sales Tax, and reimbursements collectible from third party vendor. The Company anticipates full recovery of these amounts and therefore no credit loss has been recorded against these receivables, which are due in less than one year.

(Expressed in Canadian Dollars)

5. Prepaid expenses

	2023	2022
	$	$
Prepaid insurance	**6,564**	27,215
Other advances	**28,042**	10,000
	34,606	37,215

6. Exploration and Evaluation Assets

On March 11, 2021, the Company entered into an agreement with Big Ridge Gold Corp. ("Big Ridge") (the "Big Ridge Agreement"), to acquire an aggregate of 523 mining claims and 15 leases located in the Province of Ontario known as the Mud Lake, Golden Heart, Brookbank East, three Towers, Miner Lake and Green Oaks properties, subject to royalties (collectively the "Big Ridge Property") for the purchase price of 10,000,000 common shares at a deemed price of $0.10 per common share. As a condition of closing, the Company must have all necessary approvals to complete a going public transaction, which occurred on January 26, 2022, when the Company's common shares were listed for trading on the CSE. The Big Ridge Property acquisition closed on February 28, 2022, and 10,000,000 common shares were issued at the price of $0.20 per share, being the closing price of the common shares on that date.

During the fiscal year, the Company relinquished the mining claims at Golden Heart, Brookbank East, and Three Towers, leaving the Company with 408 mining claims collectively covering an area of 6,418 hectares. Management exercised judgement in assigning value to the relinquished claims based on total reserve for the claims on the Big Ridge Property and assigned an impairment of $11,000 to the relinquished claims.

On January 31, 2023, the Company entered into a binding option agreement (the "Option Agreement") to acquire a 100% interest in the Ackley Lithium-Tin-Molybdenum-REE property (the "Ackley Property") located in south-eastern Newfoundland. The Ackley Property comprises 182 mining claims collectively covering an area of 4,550 hectares. Pursuant to the terms of the Option Agreement, the Company will incur the following obligations over the course of three years (which may be accelerated at the Company's option) from the effective date:

- Issuance of 5,200,000 common shares ("Consideration Shares") of the Company with 1,300,000 issued immediately on January 31, 2023, and 1,300,000 Consideration Shares each on January 31, 2024, 2025, and 2026 until fully issued;
- Payment of $125,000 in cash with $20,000 paid immediately on January 31, 2023, $25,000 payable on January 31, 2024, $30,000 on January 31, 2025, and $50,000 on January 31, 2026;
- Incurrence of qualified expenditures on the Ackley Property totaling $750,000 of which $150,000 is incurred within the first 12 months until January 31, 2024, an additional $250,000 within 24 months until January 31, 2025, and an additional $350,000 within 36 months until January 31, 2026; and
- A one-time payment of $10,000 to a consultant for the staking costs and over 100 kilometers of detailed high resolution ground magnetic data generated on the property in recent years.

From and after the transfer of legal and beneficiary right, title and interest to the Ackley Property, the Optionor shall reserve and be entitled to receive the Optionor Net Smelter Returns ("NSR") for all product extracted from Minerals ("Mineral Products") mined from the Ackley Property. NSR means the net amount received by the Company from a smelter, refinery or mint, less all marketing and sales costs.

The Company will pay the Optionor a royalty equal to two percent ("2%") of the NSR for all Mineral Products ("Royalty"). Such Royalty will be a burden on the Ackley property and any renewal or extension thereof, and accordingly shall be binding upon and represent a liability of any successors of the Property.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

The Company may on written notice to the Optionor and without requiring further consent from the Optionor, purchase one-half of the Royalty ("1%") at any time in consideration of a cash payment of $1,000,000 to the Optionor.

In February 2023, the Company made an additional stake in a block at Ackley West comprising of 40 claims for $600. This brought the total claims at the Ackley Property to 222 claims.

As at August 31, 2023 and 2022, the carrying value of the Company's E&E assets was comprised as follows:

	2023	2022
	$	$
Big Ridge Acquisition	**1,989,000**	2,000,000
Ackley Property Option	**82,600**	-
	2,071,600	2,000,000

The Company's cumulative E&E expenditure incurred on the Company's mining properties from inception until August 31, 2023 are as follows:

	Big Ridge Property	**Ackley Property**	**Total**
	$	**$**	**$**
Balance, September 1, 2022	**164,435**	**-**	**164,435**
Claims management	2,310	-	2,310
Geology	37,500	12,563	50,063
Prospecting	-	2,400	2,400
Sampling	-	9,412	9,412
Assays	-	2,989	2,989
Storage fees	4,362	-	4,362
Total E&E expenditure for the year	**44,172**	**27,364**	**71,536**
Balance, August 31, 2023	**208,607**	**27,364**	**235,971**

	Big Ridge Property	**Total**
	$	**$**
Balance, September 1, 2021	**38,021**	**38,021**
Claims management	7,713	7,713
Geology	118,701	118,701
Total E&E expenditure for the year	**126,414**	**126,414**
Balance, August 31, 2022	**164,435**	**164,435**

(Expressed in Canadian Dollars)

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

	2023	2022
	$	$
Accounts payable	**10,886**	2,266
Accrued liabilities	**201,886**	122,634
	212,772	124,900

8. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. All common shares are ranked equally with regards to the Company's residual assets.

Common shares issued and outstanding as at August 31, 2023 and 2022 are as follows:

Issuance Date		**Number of shares**	**Amount**
		#	**$**
Balance, September 1, 2021		30,372,500	1,553,824
February 28, 2022	Big Ridge asset	10,000,000	2,000,000
Balance, August 31, 2022		**40,372,500**	**3,553,824**
February 7, 2023	Ackley Property option[a]	1,300,000	52,000
Balance, August 31, 2023		**41,672,500**	**3,605,824**

Share capital transactions for the year ended August 31,2023

(a) On February 7, 2023, the Company issued 1,300,000 Consideration Shares towards the option acquisition of the Ackley Property (see Note 6). The Consideration Shares issued had a fair value of $52,000 based on the Company's share price of $0.04 per share on the date of issuance.

Share capital transactions for the year ended August 31,2022

(b) On February 28, 2022, the Company issued 10,000,000 common shares at $0.20 per share to acquire the Big Ridge Property (see Note 6).

9. Reserve for Restricted Share Units

On March 10, 2022, the Company implemented the RSU Plan. Under the RSU Plan, Eligible Persons (as such term is defined in the RSU Plan) may, at the discretion of the Compensation Committee of the Board, be allocated a number of RSUs, which are subject to a maximum vesting term of one year from the calendar year in which the RSUs were granted.

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers exercisable for a period of 3 years. Half of the RSUs vested immediately, while the other half vests 12 months after the date of grant. Share-based compensation recorded in connection with the vesting of these RSUs for the year ended August 31, 2023 was $24,305 (2022 - $74,722).

As at August 31, 2023, the Company had 923,000 RSUs outstanding.

(Expressed in Canadian Dollars)

9. Reserve for Restricted Share Units (continued)

The following table summarizes the RSU activity for the years ended August 31, 2023 and 2022:

		2023		2022
	Number of RSUs	**Weighted average exercise price**	Number of RSUs	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**1,012,000**	**0.12**	-	-
Granted	**-**	**-**	1,012,000	0.12
Expired	**(89,000)**	**0.12**	-	-
Outstanding, end of year	**923,000**	**0.12**	1,012,000	0.12

The cancelled RSUs are RSUs that had not yet vested as of when the Eligible Persons resigned from the Company.

10. Reserve for Share-Based Payments

The Company maintains the Option Plan whereby certain key officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that are issuable under the Option Plan is limited to 10% of the number of issued and outstanding common shares. Under the Option Plan, the exercise price of each option may not be less than the closing price of the Company's common shares on the trading day prior to the grant date or the grant date itself, whichever is higher. Vesting of options is determined at the discretion of the Board.

As at August 31, 2023, the Company had 2,526,250 common shares available for issuance under the Option Plan.

The following summarizes the stock option activity for the years ended August 31, 2023 and 2022:

		2023		2022
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**1,988,000**	**0.12**	-	-
Granted	**-**	**-**	1,988,000	0.12
Expired	**(347,000)**	**0.12**	-	-
Outstanding, end of year	**1,641,000**	**0.12**	1,988,000	0.12
Exercisable, end of year	**1,641,000**	**0.12**	944,000	0.12

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of \$0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vest on March 9, 2023. The options were valued using Block-Scholes with the following assumptions: expected volatility of 146% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 1.65%, and an expected life of five years. The grant date fair value attributable to these options was \$177,252, of which \$42,547 was recorded as share-based compensation in connection with the vesting of these options during the year ended August 31, 2023 (2022 - \$131,118).

During the year ended August 31, 2023, a total of 347,000 stock options expired. The value of \$27,352 previously attributed to these options was transferred from the reserve for share-based payment to accumulated deficit.

(Expressed in Canadian Dollars)

10. Reserve for Share-Based Payments (continued)

The following table summarizes information of stock options outstanding and exercisable as at August 31, 2023:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	$	Years
March 9, 2027	1,641,000	1,641,000	0.12	3.52
	1,641,000	**1,641,000**	**0.12**	**3.52**

11. Reserve for Warrants

The following summarizes the warrant activity for the years ended August 31, 2023 and 2022:

		2023		2022
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	$	#	$
Outstanding, beginning of year	**10,400,510**	**0.15**	10,400,510	0.15
Outstanding, end of year	**10,400,510**	**0.15**	10,400,510	0.12

Each warrant is exercisable for one Common Share until the date that is the earlier of (i) 24 months following the completion of a Liquidity Event or (ii) 60 months following the date of issuance. The Liquidity Event means the completion by the Company of: (i) a distribution to the public of Common Shares in Canada or the United States pursuant to a prospectus or registration statement, as applicable, and the concurrent listing of such Common Shares for trading on a recognized exchange in Canada or the United States; or (ii) another transaction as a result of which all outstanding Common Shares, or the securities of another issuer issued in exchange for all such outstanding Common Shares of the Company, are traded on a recognized exchange in Canada or the United States and are freely tradable (subject to resale restrictions on any concurrent financing and control block restrictions), including by way of a reverse takeover transaction.

On January 26, 2022, the Company's common shares were listed for trading on the CSE, therefore, triggering the Liquidity Event to set the expiry date of the warrants to January 26, 2024.

There were no warrant issuances during the years ended August 31, 2023 and 2022.

The following table summarizes information of warrants outstanding as at August 31, 2023:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life
	#	$	Years
January 26, 2024	9,436,250	0.15	0.41
January 26, 2024	964,260	0.10	0.41
	10,400,510	**0.15**	**0.41**

(Expressed in Canadian Dollars)

12. Basic and Diluted Loss per Share

The calculations of basic and diluted loss per share for the year ended August 31, 2023 were based on the net loss of $591,268 (2022 - $991,862) and the weighted average number of basic and diluted common shares outstanding of 41,102,637 (2022 – 35,413,596).

The details of the computation of basic and diluted loss per share are as follows:

	2023	2022
	$	$
Net Loss	**(591,268)**	(991,862)
	#	#
Basic weighted-average number of shares outstanding	**41,102,637**	35,413,596
Assumed conversion of dilutive stock options and warrants	**-**	-
Diluted weighted-average number of shares outstanding	**41,102,637**	35,413,596
	$	$
Basic loss per share	**(0.014)**	(0.028)
Diluted loss per share	**(0.014)**	(0.028)

13. Income Taxes

Reconciliation of statutory tax rate

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	2023	2022
	$	$
Net loss before recovery of income taxes provision:	**(591,268)**	(991,862)
Combined statutory income tax rate	**26.50%**	26.50%
Expected income tax recovery	**(156,686)**	(262,843)
Share-based compensation and non-deductible expenses	**40,781**	88,966
Permanent differences and others	**(5,609)**	(24,910)
Change in tax benefits not recognized	**121,514**	198,787
	-	-

Deferred tax

The following table summarizes the components of deferred tax:

	2023	2022
	$	$
Deferred Tax Assets		
Mineral property	**55,372**	43,575
Share issuance cost	**11,617**	14,245
Non-capital losses carried forward	**425,941**	313,597
	492,930	371,417
Less: deferred tax assets not recognized	**(429,930)**	(371,417)
Net deferred tax assets	**-**	-

(Expressed in Canadian Dollars)

13. Income Taxes (continued)

As at August 31, 2023, the Company had 100% valuation allowance against deferred income tax balances as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be realized.

Non-capital loss carried forward

The Company's non-capital income tax losses will expire as follows:

	$
2042	1,186,600
2043	420,724
	1,607,324

14. Related Party Transactions

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

The remuneration of directors and other members of key management personnel during the years ended August 31, 2023 and 2022 were as follows:

	2023	2022
	$	$
Management salaries and consulting fees	**212,500**	267,010
Professional fees	**94,060**	78,500
Share-based compensation	**66,852**	205,840
	373,412	551,350

Effective June 7, 2021, the Company entered into an executive management agreement with Windmark Financial Limited ("Windmark"), a company controlled by the Company's President and Chief Executive Officer ("CEO") to pay the CEO $175,000 per year, paid in $14,583 monthly installments as follows:

(i) $7,292 per month, with the balance accruing; and shall increase to
(ii) $10,000 per month, with the balance accruing, upon the occurrence of a Liquidity Event; and shall increase to
(iii) $14,583 per month upon the earlier of (a) a Financing, or (b) Asset Acquisition.

During the year ended August 31, 2023, the Company recorded consulting fees of $175,000 (2022 – $175,524) in relation to the CEO's consulting compensation. As at August 31, 2023, $173,750 (August 31, 2022 – $88,958) was owed to the CEO and included in accounts payable and accrued liabilities. As at August 31, 2023, included in prepaid expenses of $7,292, which was paid to Windmark in advance for the September 2023 consulting fees.

During the year ended August 31, 2023, Nebu Consulting, LLC ("Nebu"), where the Company's former Vice President Exploration is employed, charged fees of $37,500 (2022 – $91,485), for professional consulting services provided to the Company for a period of six months. As at August 31, 2023, no balance was owed to Nebu (August 31, 2022 – $nil).

During the year ended August 31, 2023, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") is employed, charged fees of $94,060 (2022 – $78,500), for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at August 31, 2023, no balance was owed to Branson (August 31, 2022 – $nil).

14. Related Party Transactions (continued)

Share-based compensation

On March 9, 2022, the Company granted 1,988,000 options to various officers and directors at an exercise price of $0.12, expiring on March 9, 2027. 50% of the options vested immediately on grant and the remaining 50% vest on March 9, 2023. The grant date fair value attributable to these options was $177,252, of which $42,547 (2022 – $131,118) was recorded as share-based compensation in connection with the vesting of these options during the year ended August 31, 2023.

On March 10, 2022, the Company granted 1,012,000 RSUs to certain officers and directors. Half of the RSUs vested immediately, while the other half vests 12 months after the date of grant. During the year ended August 31, 2023, share-based compensation of $24,305 (2022 - $74,722) was recorded in connection with the vesting of these RSUs.

Other related party transactions

On February 28, 2022, the Company issued 10,000,000 common shares to Big Ridge upon the completion of the acquisition of its mining properties as disclosed in Note 6. A director of the Company is also the President and a director of Big Ridge.

15. Capital Management

The Company's capital under management includes equity of $2,148,880 at August 31, 2023 (2022 – $2,621,296). The Company's objectives when managing capital are to: (i) safeguard its ability to continue as a going concern, (ii) provide an adequate return to shareholders, and (iii) provide sufficient funding to support on-going exploration and capital development plans.

While the Company does not yet have any revenues, management monitors its capital structure and makes adjustments according to market conditions to meet its objectives given the current outlook of the business and industry in general. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the management team to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its business activities.

The Company's capital management objectives, policies and processes have remained unchanged since the Company's most recent financial reporting period.

The Company is not subject to any externally imposed capital requirements.

16. Financial Risks

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with reputable Canadian chartered banks, which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at period-end is limited to the receivable balance.

(Expressed in Canadian Dollars)

16. Financial Risks (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

As at August 31, 2023, the Company had a cash balance of $235,699 (2022 – $689,889) to settle current liabilities of $212,772 (2022 – $124,900).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at August 31, 2023:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	212,772	212,772	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring anticipated cash flows to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations, the Company's cash position as at period end, and its strategic financing plan over the next 12 months.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. While the Company's operations are based in Canada, it may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at August 31, 2023.

Fair value

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

As at August 31, 2023, the Company's financial instruments consist of cash, receivables and accounts payable. The fair value of cash, and accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

(Expressed in Canadian Dollars)

16. Financial Risks (continued)

Fair value (continued)

The fair value hierarchy has the following levels:

- 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).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	235,699	-	-	**235,699**

As at August 31, 2023, the Company's financial instruments carried at fair value consisted of its cash, which is classified as Level 1. There were no transfers between Levels 2 and 3 for recurring fair value measurements during the years ended August 31, 2023 and 2022.

17. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at the date hereof, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

The Company also believes that there are no environmental-related liabilities that will have a material adverse effect on the financial position or operating results of the Company.

18. Subsequent Event

On September 12, 2023, 42,500 RSUs previously granted to a former consultant of the Company expired and were cancelled upon his resignation.